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

SITTING DAYS—2014

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

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For information regarding frequencies in other locations please visit http://www.abc.net.au/newsradio/listen/frequencies.htm
FORTY-FOURTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General
His Excellency General the Hon. Sir Peter Cosgrove AK, MC (Retd)

Senate Office holders
President—Senator Hon. Stephen Parry
Deputy President and Chair of Committees—Senator Gavin Mark Marshall
Temporary Chairs of Committees—Senators Christopher John Back, Cory Bernardi,
Sam Dastyari, Sean Edwards, Alexander McEachian Gallacher, Susan Lines,
Deborah Mary O'Neill, Nova Maree Peris AOM, Dean Anthony Smith,
Zdenko Matthew Seselja, Glenn Sterle, Peter Stuart Whish-Wilson and John Reginald Williams
Leader of the Government in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Leader of the Opposition in the Senate—Senator the Hon Penny Wong
Deputy Leader of the Opposition in the Senate—Senator the Hon Stephen Conroy
Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield
Manager of Opposition Business in the Senate—Senator Claire Moore

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
Leader of The Nationals in the Senate—Senator Hon. Nigel Scullion
Deputy Leader of The Nationals in the Senate—Senator Hon. Fiona Nash
Leader of the Opposition in the Senate—Senator the Hon Penny Wong
Deputy Leader of the Opposition in the Senate—Senator the Hon Stephen Conroy
Leader of the Australian Greens—Senator Christie Anne Milne
Leader of the Palmer United Party in the Senate—Senator Glenn Patrick Lazarus
Deputy Leader of the Palmer United Party in the Senate—Senator Jacqui Lambie
Chief Government Whip—Senator David Christopher Bushby
Deputy Government Whips—Senators David Julian Fawcett and Anne Sowerby Ruston
The Nationals Whip—Senator Barry James O'Sullivan
Chief Opposition Whip—Senator Anne McEwen
Deputy Opposition Whips—Senators Catryna Louise Bilyk and Anne Elizabeth Urquhart
Australian Greens Whip—Senator Rachel Siewert
Palmer United Party Whip—Senator Zhenya Wang
Deputy Palmer United Party Whip—Senator Jacqui Lambie

Printed by authority of the Senate
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<tr>
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Pursuant to section 42 of the Commonwealth Electoral Act 1918, the terms of service of the following senators representing the Australian Capital Territory and the Northern Territory expire at the close of the day immediately before the polling day for the next general election of members of the House of Representatives.

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<td>Peris, N.M.</td>
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(1) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice R. Carr), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**

AG—Australian Greens; ALP—Australian Labor Party;
AMEP—Australian Motoring Enthusiast Party; CLP—Country Liberal Party;
DLP—Democratic Labour Party; FFP—Family First Party; IND—Independent,
LDP—Liberal Democratic Party; LNP—Liberal National Party; LP—Liberal Party of Australia;
NATS—The Nationals; PUP—Palmer United Party
Heads of Parliamentary Departments

Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—C Mills
Parliamentary Budget Officer—P Bowen
<table>
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<th>Title</th>
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<tr>
<td><strong>Prime Minister</strong></td>
<td>The Hon Tony Abbott MP</td>
</tr>
<tr>
<td><strong>Minister for Indigenous Affairs</strong></td>
<td>Senator the Hon Nigel Scullion</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for the Public</td>
<td>Senator the Hon Eric Abetz</td>
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<tr>
<td>Service</td>
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</tr>
<tr>
<td>Minister Assisting the Prime Minister for Women</td>
<td>Senator the Hon Michaelia Cash</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon Josh Frydenberg MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon Alan Tudge MP</td>
</tr>
<tr>
<td><strong>Minister for Infrastructure and Regional Development</strong></td>
<td>The Hon Warren Truss MP</td>
</tr>
<tr>
<td>(Deputy Prime Minister)</td>
<td>The Hon Jamie Briggs MP</td>
</tr>
<tr>
<td>Assistant Minister for Infrastructure and Regional</td>
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<tr>
<td>Development</td>
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<tr>
<td><strong>Minister for Foreign Affairs</strong></td>
<td>The Hon Julie Bishop MP</td>
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<tr>
<td><strong>Minister for Trade and Investment</strong></td>
<td>The Hon Andrew Robb AO MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Foreign</td>
<td>Senator the Hon Brett Mason</td>
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<tr>
<td>Affairs</td>
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<td><strong>Minister for Employment</strong></td>
<td>Senator the Hon Eric Abetz</td>
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<tr>
<td>(Leader of the Government in the Senate)</td>
<td>The Hon Luke Hartsuyker MP</td>
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<tr>
<td>(Deputy Leader of the House)</td>
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<td><strong>Attorney-General</strong></td>
<td>The Hon Michael Keenan MP</td>
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<tr>
<td><strong>Minister for the Arts</strong></td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>(Vice-President of the Executive Council)</td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>(Deputy Leader of the Government in the Senate)</td>
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<tr>
<td>Minister for Justice</td>
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<tr>
<td><strong>Treasurer</strong></td>
<td>The Hon Joe Hockey MP</td>
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<tr>
<td><strong>Minister for Small Business</strong></td>
<td>The Hon Bruce Billson MP</td>
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<tr>
<td>Acting Assistant Treasurer</td>
<td>Senator the Hon Mathias Cormann</td>
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<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon Steven Ciobo MP</td>
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<tr>
<td><strong>Minister for Agriculture</strong></td>
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<tr>
<td>Parliamentary Secretary to the Minister for Agriculture</td>
<td>Senator the Hon Richard Colbeck</td>
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<tr>
<td><strong>Minister for Education</strong></td>
<td>The Hon Christopher Pyne MP</td>
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<td>Senator the Hon Scott Ryan</td>
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<tr>
<td><strong>Minister for Industry</strong></td>
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<td>The Hon Bob Baldwin MP</td>
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<tr>
<td><strong>Minister for Social Services</strong></td>
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<tr>
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<tr>
<td>(Manager of Government Business in the Senate)</td>
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<tr>
<td>Minister for Human Services</td>
<td>Senator the Hon Marise Payne</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Social</td>
<td>Senator the Hon Concetta Fierravanti-Wells</td>
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<tr>
<td>Services</td>
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<tr>
<td><strong>Minister for Communications</strong></td>
<td>The Hon Malcolm Turnbull MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Communications</td>
<td>The Hon Paul Fletcher MP</td>
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<tr>
<td><strong>Minister for Health</strong></td>
<td>The Hon Peter Dutton MP</td>
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Thursday, 17 July 2014

The PRESIDENT (Senator the Hon. Stephen Parry) took the chair at 09:30, read prayers and made an acknowledgement of country.

BUSINESS

The PRESIDENT (09:31): Minister.

Senator Wong: I am on my feet. Point of order, Chair; I'm on my feet.

Government senators interjecting—

The PRESIDENT: Order! I will recognise the Leader of the Government in the Senate, Senator Abetz, first, as would be ordinary practice. There is no question before the chair, but if anyone is seeking leave to speak.

Senator Wong: I am seeking leave—

The PRESIDENT: Senator Wong, I have recognised Senator Abetz, if he is seeking leave.

Senator Wong: Sorry; you gave him the call and he is silent, so I think I should have the opportunity to make a contribution, if I may, Mr President.

Opposition senators interjecting—

The PRESIDENT: Order!

Senator Ian Macdonald: You're just having a chat are you?

Senator Wong: No, your leader is having a chat, Senator Macdonald!

The PRESIDENT: Senator Abetz, are you seeking leave?

Senator Abetz: If you will just bear with us, Mr President.

The PRESIDENT: Order! Senator Abetz, I need to know whether you are going to seek leave or not seek leave. I will give you one opportunity if you wish to seek leave. I am sorry to both of the leaders. The Senate must proceed; we cannot have discussions like this.

BILLS

Clean Energy Legislation (Carbon Tax Repeal) Bill 2014
True-up Shortfall Levy (General) (Carbon Tax Repeal) Bill 2014
True-up Shortfall Levy (Excise) (Carbon Tax Repeal) Bill 2014
Customs Tariff Amendment (Carbon Tax Repeal) Bill 2014
Excise Tariff Amendment (Carbon Tax Repeal) Bill 2014
Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Amendment (Carbon Tax Repeal) Bill 2014
Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Amendment (Carbon Tax Repeal) Bill 2014

In Committee

Debate resumed.

The CHAIRMAN (09:33): The committee is considering the Clean Energy Legislation (Carbon Tax Repeal) Bill 2014 and seven related bills. The question is that, in respect of the Clean Energy Legislation (Carbon Tax Repeal) Bill 2014, opposition amendment (3) on sheet 7527 moved by Senator Singh be agreed to.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (09:33): I rise to speak in support of this amendment but also in the context of the ending of this committee debate—I anticipate, because the government has made clear that it intends to gag and guillotine this debate if it is not concluded shortly. It is very clear that the deals have been done and the government is likely, finally, to have the numbers in this chamber to end an effective response to climate change.

I was in this chamber when the CPRS, the Carbon Pollution Reduction Scheme—something which would have introduced a market mechanism, a floating price for carbon—was voted down by this Senate. The reason it was voted down on that day, the fundamental reason, is the same reason this legislation is likely to be voted down today—that is, a man called Mr Tony Abbott. He decided that it was in his political interest not to look to what was responsible, not to look to what was right, not to look to an effective, credible response to climate change, but to stake his political career, his political ambitions, on fearmongering and scaremongering. That is what this debate has been about for years. It has been about Mr Tony Abbott wanting the leadership of the Liberal Party, wanting to be Prime Minister and staking his political campaign on fearmongering. The man who told us that Whyalla would be wiped off the map now cannot even guarantee to Australians that they will get the sorts of price reductions that he campaigned on for years.

If these bills pass today, it will be a day in history where this parliament failed the test of leadership, failed the test of rising above opportunistic politics and short-term sectional interest to act in the national interest. If these bills pass, this nation will have walked away from a credible and effective response to climate change, it will walk away from reducing our greenhouse gas emissions and it will walk away from the task of transforming the Australian economy into the clean energy economy that we have to be in the 21st century. If these bills pass, this nation will be the only nation in the world going backwards when it comes to tackling climate change.

Putting a price on pollution is the most environmentally effective and economically responsible way of reducing greenhouse gas emissions. And I remind those opposite of the journey to populism and fearmongering that they have undertaken—a sorry tale indeed. Let us not forget there was once a bipartisan commitment in this country, half a decade ago, to act on climate change. There was a bipartisan commitment half a decade ago to do the right thing, to do the responsible thing. Those opposite talk about intergenerational responsibility. Senator Cormann talks about not giving a credit card to the next generation. That is precisely what you are doing. You are passing a credit card for all of our inaction on this serious threat of
climate change to our children and our grandchildren. It is an absolute abrogation of the responsibility that we have in this place.

Let me remind those opposite of what Mr Howard said in 2007. There is a great YouTube clip that people can go back to. I am quoting:

I will also be announcing a 'cap and trade' emissions trading system that will help Australia substantially lower our domestic greenhouse gas emissions at the lowest cost.

Stabilising atmospheric concentrations of greenhouse gases will be difficult, but not impossible. We do not have to sacrifice our economic prosperity to tackle the problem.

So John Howard in 2007 backed in an emissions trading system, the same as the Labor Party is currently moving in this place—the same principle, the same approach, that Labor is putting to this chamber: an emissions trading scheme to give the most effective response to climate change, a cap on pollution, a price set by the market, firms able to find the cheapest and lowest cost way of reducing the pollution we put into our atmosphere.

The fundamental problem is this: as long as something is free our economy will continue to do it. As long as polluting is free, we will see more and more pollution. We understand that intuitively. We understand that in so many other areas of policy, but on this the government has chosen to go down a path which is opportunistic, which is all about fearmongering. I think future generations will look back on these bills and they will be appalled at the short-sighted, opportunistic, selfish politics of those opposite. Mr Abbott will go down as one of the most short-sighted, opportunistic, selfish and small people ever to occupy the office of Prime Minister.

What we will see and what we are seeing from those opposite are short-sighted politics to dismantle a policy which has been supported by them, by the overwhelming majority of scientists and the overwhelming majority of economists. It is easy to run a campaign against a price on carbon, because you are saying to people: 'What we are doing is polluting the atmosphere and we now have to stop doing that. We have to change how our economy works.' But it could have been done if those in the Liberal Party—Mr Turnbull and other moderates—turned their backs on a man who describes climate change as 'absolute crap' and did the right thing by the nation.

There is a lot of talk in politics today about the need to have the reform imperative—about the need to have the courage to reform. If you look back to the great economic reforms governments have implemented—and I particularly want to talk about the opening up of our economy, the liberalisation of trade, the floating of the dollar under the Hawke and Keating governments—it would have been easy to run scare campaigns on those policies. But there was a modicum of bipartisanship for the betterment of the nation—responsibility being taken at that time for future generations. Where is that now? The man who killed it is the man who occupies the Lodge—or, not the Lodge, Kirribilli. The man who killed it is the man who occupies the office of Prime Minister—a short-sighted, opportunistic scaremonger. That is this Prime Minister.

These bills dismantle a policy which has been in place for two years which is working exactly as it was intended, reducing emissions, reducing pollution while supporting the households of Australia and the competitiveness of our economy. I think future generations
will look back at the people who claim the carbon price was a wrecking ball and identify the real wrecker—a Prime Minister who has practised hypocrisy, deception and destructive politics when it comes to the challenge of climate change. We on this side of the chamber accept the science. We on this side of the chamber accept the responsibility to do something in this time for the next generation and we in this chamber will never walk away from a serious and credible response to climate change.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (09:42):
Yesterday I asked the minister a question that I did not get the answer to. I will repeat that question and then I will ask it again after I have read out a couple of letters I have received.

My question was: Minister, can you guarantee that average Tasmanian household costs will drop by $550 each and every year, as guaranteed by the Prime Minister? This is a question that not only myself but many Tasmanians are interested in. I received a letter via email from a small-business owner in Tasmania and I want to read it out:

Hi Senator,
Can you advise me how much I can expect to save this financial year by the abolition of the carbon tax.

I have heard that the Government has stated it should be on average $550 however Aurora Energy today advised me that their power charges will not reduce as a result of the carbon tax being taken away. I do recall this being a reason used by them for the increase in the market wholesale price of electricity.

The small-business owner also then sent me a letter that he had received from Aurora Energy, the suppliers in Tasmania:

Dear Customer
YOUR AURORA ENERGY CONTRACT PRICES FROM 1 JULY 2014

We write to you with regard to the prices in your Aurora Energy electricity supply contract that will apply from 1 July 2014, in light of the likely repeal by the Australian Government of the carbon pricing scheme.

As of 1 July 2014, there will be no change in the price of your supply contract, as the wholesale energy purchasing arrangements which underpin the provision of electricity to you have not changed. There will also be no change to prices in the event of the carbon tax being repealed, as the costs of providing energy to you will remain unchanged with the wholesale energy market having already factored in the probability of the carbon tax being repealed.

When the time comes to sign a new supply contract with Aurora Energy, the cost of carbon, if there is any, will be captured in the energy pricing that we quote you in your next contract. There will be no separate rate for carbon.

Should you have any questions relating to your contract and the impact of carbon, please do not hesitate to call our Business Sales Team … and we will be able to answer any questions you may have.

So, again, my question is: Minister, can you guarantee that average Tasmanian household costs will drop by $550 each and every year as guaranteed by the Prime Minister?

Senator CORMANN (Western Australia—Minister for Finance) (09:45): Firstly, in relation to the last question in terms of electricity price reductions in Tasmania: as I said yesterday, the Office of the Tasmanian Economic Regulator released a statement on 19 June 2014 that electricity prices would fall in real terms by 7.8 per cent with the removal of the carbon tax. In relation to the $550 reduction in cost of living for the average household, that
assessment is based on the exact same methodology as used by the previous government when they claimed a reduction in costs of $380 on the basis of replacing the carbon tax with an emissions trading scheme. We are basing our advice to you in relation to this on the exact same methodology that the previous government did.

Senator IAN MACDONALD (Queensland) (09:46): I wanted to ask the minister some questions. I might ask whether he has the figures for the Queensland regulator and what prices would fall in Queensland. I also seek from the minister confirmation that I am not—and I am asking the minister this—living in another world. I heard the Leader of the Opposition filibuster for about 12 minutes at the beginning of this committee session this morning. She did not even pretend to ask a question of the minister. The debates in the Senate, particularly in the committee stage, are intended to allow senators to ask precise questions about the bill and the amendments before the chair.

We heard from the Leader of the Opposition in the Senate—one of the leadership group of the party which went to the 2010 election promising there would be 'no carbon tax under a government I lead' and then, when it got into government, immediately introduced a carbon tax—not a question but just a 12-minute rant to waste the time of this committee and to prevent other senators from asking questions. We got that from that senator who is supposedly the leader of a party in this chamber. You would expect that a leader might, at least, show some responsibility. That is my recollection.

After hearing the Leader of the Opposition, I have to ask the minister whether my recollection is correct in that the Australian people at the last election voted overwhelmingly against the Labor Party and the Greens political party. Is it also true—and is my recollection correct—that it was made very clear for about 2½ years before the last election that the last election would be a referendum on the carbon tax? That is my recollection. But, after hearing the Leader of the Opposition, I must have been on a different planet! Clearly, Australians went to the last election accepting this was a vote on the carbon tax or otherwise. The Australian public answered that question, giving Mr Abbott and his team an overwhelming response—an overwhelming answer—in the election held last year.

Similarly, those senators in this chamber supporting the lied-about carbon tax lost one-fifth of their number. Parties in this chamber which indicated they also opposed the carbon tax—which included the coalition, Palmer United Party, Senator Xenophon, as I recall, and I think Family First, Democratic Labour Party and the Liberal Democrats—did very, very well. And yet, if you heard the Leader of the Opposition in the Senate today, you would think that the Australian public said something else. So my question to the minister is: am I right that the last election was said to be a referendum on the carbon tax? And was the result such that the Australian public spoke?

Senator Wong gets up here and says that she and her colleagues in the Labor Party know everything and know what is best for Australia. She says there are a lot of scientists and economists who also think that this should be abandoned. In the minute I have left to me, I just want to ask again: did the Australian public clearly say at the last election they wanted to get rid of the carbon tax? For all of the economists, for all of the so-called scientists that Senator Wong quotes and for all of those people in the Labor Party who say differently, wasn't it a fact that the Australian people, voting at the last election on what was clearly a referendum on the carbon tax, gave their answer and gave it overwhelmingly?
Senator CORMANN (Western Australia—Minister for Finance) (09:51): I thank Senator Macdonald for those questions. He is of course right—the last election was a referendum on the carbon tax. The verdict of the Australian people was very clear: they want the carbon tax gone. That is why the government is determined to deliver on our commitment to the Australian people.

In relation to electricity price determinations by the Queensland regulatory authority, I can indeed confirm that the Queensland Competition Authority has stated that electricity prices would fall by 8.5 per cent in a typical household as result of scrapping the carbon tax.

The CHAIRMAN: The question is that amendment (3) on sheet 7527 moved by Senator Singh be agreed to.

The committee divided. [09:57]

(The Chairman—Senator Marshall)

Ayes ...................... 32
Noes ...................... 37
Majority ............... 5

AYES

Brown, CL
Cameron, DN
Collins, JMA
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Ludwig, JW
McLucas, J
Moore, CM
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wong, P

NOES

Abetz, E
Bernardi, C
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Leyonhjelm, DE
Mason, B
McKenzie, B
Nash, F
Parry, S

Bullock, J.W.
Carr, KJ
Conroy, SM
Di Natale, R
Gallacher, AM
Ketter, CR
Ludlam, S
Marshall, GM
Milne, C
O’Neill, DM
Polley, H
Rice, J
Singh, LM
Urquhart, AE (teller)
Whish-Wilson, PS
Wright, PL

Back, CJ
Birmingham, SJ
Bushby, DC
Cash, MC
Cormann, M
Fawcett, DJ (teller)
Fifield, MP
Johnston, D
Lazarus, GP
Macdonald, ID
McGrath, J
Muir, R
O’Sullivan, B
Payne, MA
Question negatived

Senator MILNE (Tasmania—Leader of the Australian Greens) (09:59): by leave—I move amendments (1) and (2) on sheet 7531 together:

(1) Schedule 2, item 3, page 75 (line 33), omit "electricity; or", substitute "electricity."

(2) Schedule 2, item 3, page 75 (line 34), omit paragraph (f) of the definition of electricity retailer in section 60A.

Yesterday, I made it fairly clear that the way that the bill is written captures households with solar panels on their roofs and the Royal Children's Hospital, which has a co-generation plant, because the definitions are that an 'entity' includes an individual, the 'energy retailer' definition captures people who produce energy, and 'customer' captures those people who buy energy. I note in today's media:

Martijn Wilder, a partner at Baker & McKenzie, said that “on a plain reading, the law does apply to power sold from solar roof panels” and the letter of the law did not reflect the assurances the minister had given. “At best, it is legally ambiguous,” he said.

At the same time, the ACCC has said that they would be guided by what the minister had said in his second reading speech, but the point here is that the High Court, on several occasions recently, has shown that what parliament intended by legislation means nothing if the statute gives rise to a clear explanation, which, in this case, it does. So the courts will take notice of the law, not what the minister cobbles together in a second reading speech.

On that basis, my amendment removes any ambiguity about whether this captures people who are producing electricity from their solar panels, or a hospital that is producing electricity with co-generation, or any other. Since that clearly is not the intention of the legislation we ought to remove the ambiguity from the legislation. That is why I am moving to remove from section 60A, this amendment, section (f), that was put in House, which says:

(f) any other entity who produces electricity in Australia.

By removing that you would remove any ambiguity so that people with solar panels and people who are into co-generation—in hospitals and the like—would not be captured by this piece of legislation. It would leave the ACCC without the burden of having to have on the statute books something that it will not enforce, even though it is the law that it does enforce it.
Our job is to make laws that are clear to people, and not to leave the law ambiguous, which will mean that it will land up somewhere in the courts. So I ask the government, the opposition and other crossbench members to support this amendment to give clarity to the law and to give comfort to people who have solar panels, people who are into co-generation and other people who were never intended to be caught up in this legislation in the first place. I recommend the amendment to the Senate.

Senator CORMANN (Western Australia—Minister for Finance) (10:03): The government does not agree to this amendment, which waters down the protection to consumers. The government has made it clear already that the interpretation of 'electricity retailer' is limited to electricity retailers and electricity producers selling electricity, in a wholesale electricity market, to a retailer. This means that small-scale electricity producers such as families and businesses with solar PV on their rooftops are not covered.

The government considers that protections for electricity consumers are an important part of ensuring customers receive the full benefit of the removal of the carbon tax. That is why we have added various new protections to these bills, which will apply to electricity retailers.

Senator MILNE (Tasmania—Leader of the Australian Greens) (10:04): The minister is wrong because all the minister is doing is referring to Minister Hunt's second reading speech by saying that that is how they have made it clear that this applies with regard to selling into the wholesale market, but that is not what is in the legislation. So the government is refusing an amendment which clarifies the situation. I think that is a very sad thing.

Before we vote on this amendment I would also like to have the minister clarify what he said yesterday. In here he said yesterday that airlines and supermarkets would be legally required to remove the carbon price. In fact, that is not the case. I note in the ACCC's brief to the big polluters—the Australian Industry Greenhouse Network—that despite the ambiguity in the final form of the repeal bills the ACCC would only enforce price reductions for electricity and gas retailers and bulk importers of synthetic gases used in refrigeration and air-conditioning. They would not be enforcing price reductions anywhere else.

So the minister needs to clarify that. The ACCC is telling people that they would only be doing that. I think this really puts the lie to the government's claim that they will be forcing price reductions on everything. They cannot and they will not. The ACCC went on to say that, under the false and misleading conduct powers, they will be looking at the public statements made by companies in relation to what they have done. But that is a vastly different thing from the enforcement of price reductions.

It is very clear on the record, from the ACCC now, that the only enforceable price reductions will be electricity, gas and synthetic greenhouse gases. For everything else there will be no requirement, and therefore the $550 claims about the community being better off are simply hot air. I would like the minister to clarify: is the government's understanding and intent the same as what the ACCC said yesterday? Isn't that the case?

Senator CORMANN (Western Australia—Minister for Finance) (10:06): I thank Senator Milne. Firstly, Senator Milne did not accurately quote what I said to the chamber yesterday. She is right, though: we did go through this in some detail. As I pointed out yesterday, as a result of this bill, the ACCC will have price-monitoring powers under section 60G. The ACCC will be provided with new powers to monitor the prices offered, displayed or...
advertised of electricity, natural gas, synthetic greenhouse gas, synthetic greenhouse gas equipment and any other goods designated by regulation in relation to the carbon tax repeal.

False or misleading representations are obviously also prohibited, consistent with section 60K, so all corporations—and that includes airlines and others—will be prohibited from making carbon specific false or misleading representations during the effect of the carbon tax repeal on prices. This prohibition covers all goods and services and carries a penalty of up to $1.1 million for a corporation and $220,000 for an individual.

The TEMPORARY CHAIRMAN (Senator O’Neill): The question is that Greens amendments (1) and (2) on sheet 7531 be agreed to.

The committee divided. [10:14]

(The Chairman—Senator Marshall)

Ayes ......................10
Noes ......................45
Majority................35

AYES

Di Natale, R
Ludlam, S
Rhiannon, L
Siewert, R (teller)
Whish-Wilson, PS

Hanson-Young, SC
Milne, C
Rice, J
Waters, LJ
Wright, PL

NOES

Abetz, E
Bernardi, C
Bullock, J.W.
Canavan, M.J.
Colbeck, R
Day, R.J.
Faulkner, J
Fierravanti-Wells, C
Gallacher, AM
Lazarus, OP
Lines, S
Macdonald, ID
Marshall, GM
McGrath, J
Moore, CM
Nash, F
O’Sullivan, B
Peris, N
Ruston, A
Seselja, Z
Sinodinos, A
Urquhart, AE (teller)
Williams, JR

Back, CJ
Birmingham, SJ
Bushby, DC
Cash, MC
Cornmann, M
Edwards, S
Fawcett, DJ
Fifield, MP
Lambie, J
Leyonhjelm, DE
Ludwig, JW
Madigan, JJ
McEwen, A
McKenzie, B
Mair, R
O’Neill, DM
Payne, MA
Reynolds, L
Ryan, SM
Singh, LM
Smith, D
Wang, Z

Question negatived.
Senator SINGH (Tasmania) (10:17): The opposition opposes schedules 2 to 4 in the following terms:

(4) Schedule 2, page 71 (line 1) to page 101 (line 20), to be opposed.

(5) Schedule 3, page 102 (lines 1 to 26), to be opposed.

(6) Schedule 4, page 103 (lines 1 to 29), to be opposed.

I would like to highlight the importance of the Steel Transformation Plan, which this government seeks to abolish in this legislation. Senator Cormann, given the state of manufacturing in this country, I do not understand why you would not keep the Steel Transformation Plan and, given the wrecking this government has done to the car and ship industries, will you justify why the government would not retain any mechanism that improves investment, innovation and competitiveness in the manufacturing sector?

Senator CORMANN (Western Australia—Minister for Finance) (10:18): I thank Senator Singh. What is described in an Orwellian fashion as the 'Steel Transformation Plan' was in fact nothing other than a last minute bit of compensation at the behest of various union representatives to repair the injury that the carbon tax was putting into the steel industry. Of course, by getting rid of the carbon tax we remove the injury but we make sure that Australian business can be more competitive again internationally and is able to compete on more of a level playing field. As such, there is absolutely no reason to keep the compensation for an injury that this government is about to remove.

The CHAIRMAN: The question is that schedules 2 to 4 stand as printed.

The committee divided. [10:24]

(The Chairman—Senator Marshall)

Ayes ...................... 38
Noes ...................... 33
Majority ............... 5

AYES

Back, CJ
Birmingham, SJ
Bushby, DC
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lazarus, GP
Macdonald, ID
Mason, B
McKenzie, B
Nash, F
Parry, S
Reynolds, L
Ruston, A (teller)
Scullion, NG
Sinodinos, A
Wang, Z

Bernardi, C
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Lambie, J
Leyonhjelm, DE
Madigan, JJ
McGrath, J
Muir, R
O'Sullivan, B
Payne, MA
Ronaldson, M
Ryan, SM
Seselja, Z
Smith, D
Williams, JR
Question agreed to.

Senator SINGH (Tasmania) (10:27): The opposition opposes schedule 5 in the following terms:

(7) Schedule 5, page 104 (line 1) to page 105 (line 4), to be opposed.

Schedule 5 absolutely cripples ARENA. It drops the amount of money available for this very valuable organisation to enable and encourage development in critical renewable energy projects. That value of projects funded to date, we know, has been unquestionable. Australia has all the raw ingredients and talent required to be a world leader in renewable energy development and commercialisation and yet this government is trying to rip the heart out of ARENA, cripple its funding, take Australia backwards, take a whole new investment in renewable energy backwards, which surely is an economic driver of innovation and prosperity for our nation. We do not support the government's schedule.

Senator MILNE (Tasmania—Leader of the Australian Greens) (10:28): The Greens oppose schedule 5 in the following terms:

(7) Schedule 5, page 104 (line 1) to page 105 (line 4), to be opposed.

I am moving the same amendment, because it is critically important that we keep the Australian Renewable Energy Agency. For the benefit of people thinking about this, we set up the Australian Renewable Energy Agency as part of the deliberations of the Clean Energy Package. At the time, renewable energy projects, grants, the Solar Flagships and so on were all across the government. It was a complete mess, and so we pulled together all of the renewable energy programs and we set up a new statutory authority, the Australian Renewable Energy Agency, and it was linked to the Clean Energy Finance Corporation so that you had the whole spectrum from early research and development, pilot stage to the commercialisation of these projects.

It was a very good piece of architecture in terms of legislation. It meant that, as the Clean Energy Finance Corporation project started to make money, the profits would be cycled back through to ARENA to fund early research and development so it would become a self-
sustaining system of money going back in. The government has a schedule to abolish the clean energy bills and to take a vast amount of money out of ARENA. As the government has proposed, over the next three years, if the government's schedule stands, ARENA's funding would drop from just over a billion dollars down to $341 million. In other words, if you vote for the bill as it stands, you are voting to take $717 million out of the Australian Renewable Energy Agency. What does that mean? It means ARENA will not be able to fund new projects. Effectively, what they do need is $150 million a year to keep the high-quality research and development moving. If you end up with only $89 million in 2014-15 and $59 million the following year, you end up with no new projects. ARENA has 152 projects in their pipeline worth $5.6 billion in investment that will just disappear. This is our reality.

We already have companies out today—for example, GE, a US multinational and one of Australia's largest foreign investors, saying its $3.5 billion pipeline of investment in green energy in this country is at risk because of possible changes to the RET. That is a separate issue, I agree. But it demonstrates how much interest there is in rolling out these technologies across the country. So it is a very bad mistake for the government to be taking $717 million out. I have heard some crossbench senators say that they want to save ARENA. You do not save a renewable energy agency by taking $717 million out of it over the next three years and leaving it with no ability to fund new projects.

Secondly, the ARENA board have all now had their positions ceased because their contracts have all run out and as of the 17th, I think it is, there are none of them with an ongoing contract. Yesterday in the Senate, as a result of the motion that I moved, the Senate asked the government to reappoint people to the ARENA board. If this motion is unsuccessful and they lose $717 million, and they have no board anymore—the secretary of the department is effectively heading ARENA, overseeing their existing projects—frankly, by the time the bill comes in later this year to save ARENA, it will be a shell of its former self. You either vote to keep ARENA as it is with the ability to fund the projects in its pipeline and you get people reappointed to the board, because it is an independent statutory authority, or you accept that if you are going to wrench this money out of it and let it lapse with no board, then effectively you are killing ARENA through the back door. That is what is going on here.

I urge the Senate: if you are serious about saving the Australian Renewable Energy Agency, and if you like the kinds of programs that it is supporting, then support my amendment. ARENA is supporting programs right around the country; there are fantastic projects. Out in communities people are excited by this investment in renewable energy and by the innovation and jobs that are coming with it. The point that I just make very seriously is that there is a funding schedule here to take the money out of ARENA. The Greens are standing firm saying do not take that $717 million out of it and please reappoint people to the board, as the Senate asked yesterday, so we are not left with a shell of a former organisation with the departmental secretary overseeing the projects for which the money has already been allocated and that is virtually it. So I urge the Senate: if you are serious about supporting and saving ARENA, it is not enough to leave it to three months down the track to vote against the abolition bill. The fact is that you will be voting for its abolition if you take this money out and the board is gone—it is just a shell. I really urge people to support my amendment.

Senator CORMANN (Western Australia—Minister for Finance) (10:34): Senator Singh's comments just now, that this schedule would cripple ARENA, are really quite unbelievable,
because what this schedule does is give effect to a Labor savings measure out of their last budget. That is all it does. We are giving effect to a savings measure that you put in your last budget, that you initiated, that you banked in your last budget and that you failed to legislate. Now you come in here and say that somehow we are crippling ARENA. That is just unbelievable. Of course, the government that initiated that savings measure and banked it in the last budget—the Labor government—when I last looked, was supported by the Greens political party in government.

The Greens were standing behind the budgets of the previous government. The Greens have said that they were part of guaranteeing supply to the previous government. They have got a member in the House of Representatives who was a part of guaranteeing supply to the previous government. The previous government delivered a budget which reprofiled $370 million in funding over the forward estimates into later years—2019-20 to 2021-22—and reduced funding for ARENA by $435 million over the forward estimates. The changes in this schedule give effect to the Labor Party's last budget. So for Senator Singh to come in here and say that we are somehow crippling ARENA by giving effect to their last budget's savings measures is really quite hypocritical, I would suggest to the Senate.

As Senator Milne and Senator Singh would well know, the future of ARENA, structurally, is going to be the subject of different legislation. It is not the subject of the package of bills that is in front of us here today. The government will not be supporting these amendments. We will be voting for the schedules to stand as printed and that is what we would recommend every senator to do in this Senate—in particular given the absolute mess that the budget is in after six years of Labor waste and mismanagement.

Senator MILNE (Tasmania—Leader of the Australian Greens) (10:36): I would just like to ask the minister to inform the Senate how the government intends to respond to the motion passed yesterday to reappoint the board of ARENA.

Senator CORMANN (Western Australia—Minister for Finance) (10:37): That is not a matter related to the bill before us. It is not a matter related to the amendment before us. It is obviously a matter for Minister Hunt. Obviously, in the ordinary course of events, Minister Hunt, on behalf of the government, will respond to the motion passed by the Senate.

The CHAIRMAN: The question is that schedule 5 stand as printed. The committee divided. [10:41]

(The Chairman—Senator Marshall)

Ayes ......................39
Noes ......................32
Majority .................7

AYES

Abetz, E
Bernardi, C
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D

Back, CJ
Birmingham, SJ
Bushby, DC
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Question agreed to.

The CHAIRMAN (10:44): The remaining amendments are consequential on amendments that have not been passed. So I now put the question that the bills stand as printed.

The committee divided. [10:46]

(The Chairman—Senator Marshall)

Ayes ....................38
Noes ....................32
Majority ...............6

AYES

Abetz, E
Bernardi, C
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D

Back, CJ
Birmingham, SJ
Bushby, DC
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J

NOES

Bilyk, CL (teller)
Bullock, J.W.
Collins, JMA
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Ludwig, JW
McEwen, A
Milne, C
O’Neill, DM
Polley, H
Rice, J
Singh, LM
Urquhart, AE
Whish-Wilson, PS

Brown, CL
Carr, KJ
Conroy, SM
Di Natale, R
Gallacher, AM
Ketter, CR
Ludlam, S
Marshall, GM
McLucas, J
Moore, CM
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wright, PL
AYES

Lazarus, GP
Macdonald, ID
Mason, B
McKenzie, B
Nash, F
Parry, S
Ruston, A (teller)
Scullion, NG
Sinodinos, A
Wang, Z

NOES

Bilyk, CL (teller)
Bullock, J.W.
Collins, JMA
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Ludwig, JW
McEwen, A
Milne, C
O'Neill, DM
Polley, H
Rice, J
Singh, LM
Urquhart, AE
Whish-Wilson, PS

Question agreed to.

Bills agreed to.

Bills reported without amendment or request.

Adoption of Report

Senator CORMANN (Western Australia—Minister for Finance) (10:49): I move:

That the report from the committee be adopted.

The PRESIDENT: The question is that the report from the committee be adopted.

The Senate divided. [10:51]

(The President—Senator Parry)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>Noes</th>
<th>Majority</th>
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<td>38</td>
<td>34</td>
<td>4</td>
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AYES

Abetz, E
Bernardi, C
Brandis, GH

Back, CJ
Birmingham, SJ
Bushby, DC
Question agreed to.
Report adopted.

Third Reading

Senator CORMANN (Western Australia—Minister for Finance) (10:54): I move:

That these bills be now read a third time.

Senator MILNE (Tasmania—Leader of the Australian Greens) (10:54): I rise in what is a critical moment for this nation. The vote—

Senator Ian Macdonald: The will of the Australian people has been endorsed.

The PRESIDENT: Order on my right!

Senator Cameron: It is based on lies.
The PRESIDENT: Order on my left!

Senator Ian Macdonald interjecting—

The PRESIDENT: Senator Macdonald and Senator Cameron, order! Senator Milne, you have the call.

Senator MILNE: This is a critical moment for our nation. There are a number of new senators in this chamber and their vote today, and the vote of every person in this Senate, will be the legacy of their political career. That is because voting for—

Senator Ian Macdonald: That is what they were elected to do.

The PRESIDENT: Senator Macdonald! Senator Milne, you have the call.

Senator MILNE: A vote for the abolition of the clean energy package is a vote for failure. It is a vote to fail—

Senator Wong: Mr President, I rise on a point of order. I appreciate those on the other side may not agree with the contribution, but Senator Macdonald could at least desist from interjecting for perhaps 10 or 15 seconds while another senator is making a contribution on the third reading.

The PRESIDENT: Thank you, Senator Wong. I remind all senators in the chamber that interjections are disorderly and Senator Milne has the right to be heard on this third reading debate.

Senator MILNE: A vote for the abolition of the clean energy package is a vote for failure because it is a recognition that this parliament does not want to face up to the four to six degrees of warming, which is the trajectory we are on as a planet. They do not want to face up to what is intergenerational theft, because a planet facing the warming that we are now being subjected to, and will be subjected to, is a planet experiencing the sixth extinction crisis. It will be a planet suffering rising sea levels. It will be a planet suffering food security crises and it will be a nation, Australia, failing to play our role in global negotiations. We will be a global pariah as the rest of the world moves to try to secure a treaty in 2015 to give people on this planet a chance of survival in the face of a climate emergency. Australia will be relegated to a pariah and a backwater. But it is also a failure to understand that the future is going to be powered by renewable energy, by innovation, by excitement and by new manufacturing.

If this parliament votes to abandon the clean energy package, you are voting against the best interests of the nation. It is a huge opportunity cost to Australia. We will be sidelined in global capital markets. We will be sidelined in innovation. Already GE is out today saying that the pipeline of investment in renewable energy is in jeopardy because of what Australia is doing. This is an appalling day for Australia when a government, rather than lead in the face of what the world is facing up to and rather than lead and be ahead in the race to the future, is determined to stick with the past. So the Greens say, absolutely: this will be a short-lived victory for the Abbott government and those who vote with it today, because Australia will not stand for it. People want this country to lead. People want innovation. People want the clean energy future and people will understand very quickly that the supposed benefits will not be realised. But what people will face is another summer of extreme weather events and more summers after that, as our Pacific neighbours will
And so, I am here to say that the Greens will join with everyone across the country in bringing back to this parliament a more rigorous framework of legislation that will get Australia onto the track we need to be on; that is a 40 to 60 percent emissions reduction target on 2000 levels by 2030 and net carbon zero by 2050. That is the kind of ambition that we will be out talking to the community about and making sure that we get back to this parliament. We will give hope to future generations. That is what we are going to do: go out and provide hope and a focus on the future while the government and those who support it today are going out to the community focussing on the past and giving people nothing but despair. The future demands people who face the challenges posed now. The Greens are up and ready for that task.

Senator IAN MACDONALD (Queensland) (11:00): As one who, at the very beginning of this debate, crossed the floor against my own party, I would like to say a couple of words in the final debate on this long-running issue.

First of all, we have heard from the Greens political party the ultimate in hypocrisy. The Australian people, clearly, voted at the last election on what everyone knew was a referendum on the carbon tax, to get rid of the carbon tax. I want to congratulate those political parties who went to the election promising the repeal of the carbon tax and who have actually voted on the basis upon which they were elected. I mention the Democratic Labour Party, Senator Xenophon, the Palmer United Party, the Liberal Democrat Party and the Family First Party, all of whom made it quite clear when they went to election, like the coalition, that if Australians voted for us we would get rid the carbon tax. It is the ultimate in hypocrisy for the Greens political party then to say that they know better than the Australian public, that they know better than our fellow Australians voting at an election. It is typical that the Greens think that they know better than everyone.

Opposition senators interjecting—

The PRESIDENT: Order on my left.

Senator IAN MACDONALD: Let them go, Mr President, I enjoy it! They will not understand the will of the Australian people and yet they claim to be part of a democracy. Can I conclude on a matter that I mentioned in my very first speech in this place. If there is a problem with global warming—notwithstanding that in Brisbane on Saturday morning we had the coldest day in 113 years, but I leave that behind. I have always indicated that I have an open mind on this. But what I do say is that Australia emits less than 1.4 per cent of global emissions. Without serious work by the United States, China, Russia and the European Union, a five per cent reduction in Australia will make not one iota of difference to all of the things which the leader of the Australian Greens political party would have us believe will occur as a consequence of today's vote. I congratulate the Australian public for their decision, and I congratulate all the parliamentarians who have followed the dictates of the Australian public in having this bill passed today.

Senator SINGH (Tasmania) (11:04): This is a fundamental moment in Australia's history. We are about to devastate the future of this country. We are about to take this country backwards through the mindless ideological bent of the coalition. Australia today will be a laughing stock to the rest of the world. We are sending this country backwards—and all for what? For playing politics: playing politics with Australia's future, playing politics with our environment and playing politics with our children. It is an outrageous moment in
Australia's history when the coalition are sending this nation backwards. We know that there are so many of them who do not believe the science. Senator Macdonald's contribution just now makes it clear—the hypocrisy—that in fact he does not have an open mind. He has never had an open mind on this issue. Labor stands by the science. We stand by the economists who have made it very clear that an emissions trading scheme is the way forward for this country—as so many other countries are moving towards, or have already moved towards, including some of our most hugest trading partners—China, the US—

Senator Bernardi: Most hugest?

Senator Ian Macdonald: Most hugest?

Senator SINGH: our largest trading partners, China and the US. This is a moment in Australia's history, a fundamental moment when this country is going backwards. Labor will not stand with the government on this. Labor stand with the scientists, and we stand with the economists. Labor is voting for the environment. We are voting for the future, the future of our children. And that is why Labor will not support these bills.

The President: The question is that the Clean Energy Legislation (Carbon Tax Repeal) Bill 2014 and seven related bills be now read a third time.

The Senate divided. [11:10]

(The President—Senator Parry)

Ayes ....................39
Noes ....................33
Majority ...............6

AYES
Abetz, E
Bernardi, C
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D
Lazarus, GP
Macdonald, ID
Mason, B
McKenzie, B
Nash, F
Parry, S
Reynolds, L
Ryan, SM
Seselja, Z
Smith, D
Williams, JR

Bach, CJ
Birmingham, SJ
Bushby, DC (teller)
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Leyonhjelm, DE
Madigan, JJ
McGrath, J
Muir, R
O'Sullivan, B
Payne, MA
Ruston, A
Scullion, NG
Sinodinos, A
Wang, Z

NOES
Bilyk, CL (teller)
Cameron, DN

Bullock, J.W.
Carr, KJ

CHAMBER
Question agreed to.

Bills read a third time.

Asset Recycling Fund Bill 2014
Asset Recycling Fund (Consequential Amendments) Bill 2014
Second Reading

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

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (11:14):
The reason Labor is seeking to amend the Asset Recycling Fund Bill 2014 and related bill is
to ensure that infrastructure should be built where it will create jobs and growth, not
rolled out for short-term political gain. Our amendments will improve the operations of this
bill and make it more transparent for taxpayers and industry. Unlike the government, Labor
cares about the types of asset sales that will be eligible for a Commonwealth-funded
incentive.

We will ensure that funds set aside for education and research infrastructure remain
dedicated to that productivity-enhancing endeavour, with proper governance retained. We will
make sure that the rules that apply to the Building Australia Fund—a fund to be emptied into
this new Asset Recycling Fund—will continue to apply. This is in line with and continues
what we did when we were in government. The Labor government established a transparent
process to ensure that scarce government money was spent on the most productive
investments to create the biggest benefit to the national economy. Our focus was on what was
in the best long-term interest of the nation, not what was in our own short-term political
interest. It is essential that government investment in infrastructure goes into the most
productive infrastructure possible.

Labor will move two groups of amendments to this bill. The first will maintain the $3.5
billion in the Education Investment Fund and those funds dedicated to the purposes of that
fund. The second will require that asset sales transactions are approved by the parliament and
that a proper analysis is undertaken when decisions are made on productivity-enhancing
infrastructure. Part of this amendment will ensure that funded projects have published analyses of project benefits.

I can understand why the Nationals may not be too keen on amendments like this, as all of us are well aware of the National Party's record with regard to the 'regional rorts' program under the Howard government. Who can forget the Auditor-General's report into this program, which found that 43 projects were signed off without departmental approval between 2003 and 2006. And 38 of those 43 projects were in coalition seats. The Auditor-General also found that, in some instances, ministers approved money for projects without even receiving a funding application. If that does not smell like a pork-barrel, a rort, then nothing does. They actually approved funding without receiving an application from the people who they were funding. What was the coalition's response while in government to this damning report by the Auditor-General? Did they think that the independent Auditor-General's recommendation ought be adopted?

Senator O'Sullivan interjecting—

Senator CONROY: I know the good Queensland senator over there thinks an amendment like this is like a wooden stake to a vampire. It attempts to put to an end the raison d'etre for the Liberal National Party in Queensland: pork-barrelling. So I can understand why I am getting interjections from the other side. But what did they say about this report?

When criticised, the coalition government so often played the man. The Nationals may remain keenly attached to this particularly rancid form of pork-barrelling, with unproductive projects. The Liberals, usually, are just happy throwing a few dollars to their coalition lapdogs so that they can continue to count on their support—just toss them a few pork-barrels and that will keep those nuff-nuFFs in the National Party in Queensland happy. That is the way the Liberal Party operates. It has worked for 50 years and they want to keep doing it in this particular bill.

Senator O'Sullivan: We're grateful.

Senator CONROY: You are grateful. We appreciate that you show your gratitude to them. But the Labor opposition want to ensure that this does not become a marginal seat pork-barrel operation for a mates-based approach to government spending. The focus should always be on productivity and jobs.

Labor sees the value in working with the private sector to develop nationally significant infrastructure. People watching and listening to this debate should not fall into the trap of thinking that Labor is anti privatisation. Labor's view is that decisions about assets that are earmarked for privatisation need to stand on their own merits. The question that needs to be asked is: is the privatisation of this infrastructure asset the right approach that will benefit taxpayers and the long-term interests of our country? This should not be done simply to support an ideological fanaticism to privatise assets in the mode of those flat-earth, economic puritans on the other side. Nor should it be the basis for the Commonwealth's commitment to cut funding for nation-building infrastructure. The Commonwealth currently provides grants of up to 80 per cent for infrastructure. Will the states be left to do the heavy lifting on infrastructure, as the Commonwealth steps back and offers only 15 per cent for privatising? Thanks to Labor, current legislation already seeks to encourage private sector investment
through a range of measures that were established after extensive consultation with industry. The government just does not seem to be aware of this.

So let me explain it to those opposite. In the 2013 budget, Labor created incentives through uplifting the value of carry-forward losses to bring them in line with the 10-year bond rate for eligible projects up to a value of $25 billion in total. Labor also exempted the carry-forward losses and bad debt reductions from continuity of ownership and the same business tests for eligible projects. These changes encouraged private sector ownership of brownfield infrastructure projects, where expenses are heavily front ended. They came about thanks to an exhaustive consultation process with the sector. They encouraged private investment in nationally important infrastructure. Yet here we are, and the coalition does not even seem to be aware of what legislation is already in place.

On our changes to carry-forward losses, we built this into the Infrastructure Australia process. In order to receive the tax-loss incentive, the independent expert Infrastructure Australia was involved. We specifically put an independent group of experts into the process to ensure it remained fair and proper. The infrastructure being built had to be nation-building infrastructure to access this support. That is the rationale for the amendments we are putting forward to this bill. There needs to be transparency and the government's infrastructure expert needs to be involved so that any privatisation of assets is productivity enhancing.

Labor welcomes the decision the government made a fortnight ago to accept all of the Senate amendments—mainly from the opposition—to the Infrastructure Australia bill. These amendments retain Infrastructure Australia as an independent adviser to government. The challenge now is for the government to accept IA's advice; having talked the talk, it now needs to walk the walk. The advice IA provided on East West stage 2 was that it is not ready to proceed. There is a pretty good reason for that. As someone who lives in Melbourne, I know that the inept, incompetent Napthine government has not actually submitted any significant details—basically, a letter of request. There is a reason why it has not submitted any significant details. You see, when you build a tunnel you normally need two things: you need to know where you are going to start and you need to know where you are going to finish. This proposal is so half baked—no, that is being unkind to half-baked proposals! This proposal is so weak they have decided they know where they are going to start digging a billion-dollar tunnel but they have not actually decided where it is going to come up. That is true. You are trying to hide your laughing! They actually got funding for a tunnel on the basis that they know where they are starting but they do not know where it is going to come up! There is no plan. They have not even got as far as working out where the tunnel will come up in Melbourne. I know, because I live on the western side of Melbourne, that it is somewhere in the west of Melbourne that they are going to bring the tunnel up. But that's all right, let's give them a billion dollars in advance! They have actually given them a billion dollars, two years in advance, before they even know where the tunnel is going to come up. That is what we call pork-barrelling to help out a desperate state Liberal government that is facing oblivion at the polls. So they have thrown a billion dollars at this project to try and make the Napthine government look good before an election. Who would fund one end of a tunnel? Seriously, Mr Acting Deputy President, would you fund one end of a tunnel? It is tragic, but it is all true.

The ACTING DEPUTY PRESIDENT (Senator Seselja): It wouldn't be appropriate for me to comment, Senator Conroy.
Senator Scullion: You've got to start somewhere!

Senator CONROY: That's right, you've got to start somewhere! We will just build half a tunnel and work out later where it is going to come up! It had better not come up anywhere near my place! This is a project that Infrastructure Australia has advised is not ready to proceed—and here he is, the fiscal messiah, giving a billion dollars to the tunnel when they have not even worked out where it is going to come up. They are not going to start building it for two years but you have given them a billion dollars before they even know where it is going to come up.

I think it is also worth reflecting on the government's Orwellian terminology of 'asset recycling'. Let us call this bill what it is—‘encouraging privatisation'. That is what this bill is doing and that is what it should be called. As I said, Labor is not against privatisation. We support it when it results in an addition to productive nation-building infrastructure. We support it when regulation and competition can ensure benefits for consumers with a good return to government. On that, we note the recent comments from the ACCC chair about the risk of inadequate regulatory protections for the sale of monopoly assets in order to access the 15 per cent Commonwealth incentive before July 2016—and well should we note these comments. But, as is typical of this government, they want to hide what they are doing with spin and word-games. They should just own up to what they want out of this legislation and call it the 'Encouraging Privatisation Bill'.

Before I conclude, I want to say a few words about the coalition's short-sighted decision to abolish the $3.5 billion Education Investment Fund. This cut to the education fund comes on top of the government's $5.8 billion cuts to higher education and student support. It is a far cry from their pre-election promises of 'no changes to education'. We all remember the then Leader of the Opposition, Mr Tony Abbott, looking the television camera in the eye and saying, 'No cuts to education.' But the EIF provides funding for projects that create or develop significant infrastructure in higher education—research and vocational education and training institutions. Its abolition raises serious questions about this government's commitment to long-term sustainable infrastructure for teaching and research at Australia's public universities.

Mr Abbott looked the television camera in the eye and said, 'No cuts in education'—just another lie. This is not the government the people of Australia voted for. Mr Abbott made a great play over the last three years about trust—'Take me at my word' and 'I mean what I say'—and he lied his way through the election campaign. This is just another demonstration of the extent of the lies that Mr Abbott told to the Australian people to gain their trust and support going into that last election. That is why one of Labor's amendments to this legislation is to reinstate this fund. According to the Australian Technology Network of Universities:

EIF funding has been used to develop new research and education infrastructure across universities, VET institutions, research centres and institutes and the CSIRO.

That is what this fund is being used for. They go on to say:

To date 71 infrastructure projects have been funded by EIF to the sum of $2.4 billion.

They also say:

Without systematic and sustainable funding for research infrastructure, Australia will not be able to attract the best and brightest researchers in the world, nor commit to significant long term research and commercialisation projects as is done in our competitor economies.
This is another act from a government that does not understand or care about science and research.

Our amendments are important amendments that improve the operations of this bill and they make it more transparent for taxpayers. It will never be a perfect block to those pork-barrellers from the Queensland Liberal and National parties—nothing will ever stop them; they will find a way to get their snout in any trough—but this is as good as is possible to do in this chamber today. Our amendments will ensure that a vital fund is retained so that it can continue to support education infrastructure. These amendments continue the focus that Labor had when in government: that infrastructure decisions need to be based on what is best for Australia in the long run—for our national interests, not the National or Liberal party interest in pork-barrelling in marginal seats in Queensland and other states.

Senator LUDLAM (Western Australia) (11:33): I rise to make some comments on behalf of the Australian Greens on the Asset Recycling Fund Bill 2014 and related bill. I agreed with much of what Senator Conroy said. In fact, when we come to the committee stage, the Australian Greens will be moving an amendment. We think the bill is not particularly accurately named and we will be moving to change the name of the bill to the 'Encouraging Privatisation Bill'—which it quite clearly is.

The only significant difference that I have with Senator Conroy is where he points out that this was the best that could be done by the Senate today—and I strongly disagree. The best that could be done by the Senate today would be to block this bill and send it back to the drafters in the Prime Minister's office or from whence it came to have a good hard think about exactly what it is that they are proposing to do. This bill should not proceed, for reasons that are so self-evident as to be barely worth documenting.

The myth of the pre-eminence of private sector efficiency for running essential services—and, in particular, for running natural monopoly infrastructure—should be set aside today, before this bill is committed to the vote, for the shallow and self-serving ideological dead-end that it is. Bribing financially stretched state governments to sell assets in return for funding catastrophically expensive urban freeways and tunnels graphically illustrates the coalition's poverty of vision when it comes to infrastructure funding.

The Australian Greens strongly oppose this measure. We will continue to promote deliberative planning processes to establish infrastructure plans that actually serve communities rather than divide them. This bill—to put it as plainly as I can—is about bribing state and territory governments to sell off public assets in order to obtain Commonwealth funding. We will be urging Labor to join with the Greens and vote down this bill which would, among other things, create a slush fund for toll roads at the expense of investment in public transport.

I think I understand why Prime Minister Tony Abbott is such a hardliner on climate change. I think part of it is ideological and I think part of it is that he is generally too terrified to acknowledge what is happening to the global climate and part of it is that the Liberal and National parties are bought and paid for by the coal, oil and gas industries. That is reasonably easy to understand. But I find it harder to understand why the Prime Minister has such a hatred of public transport. Is it just that he does not ever use it himself? Is it that basic, or is there more at play? Why would you come into power and crash public transport projects that
had already been funded and that were already in the advanced design stage? I am speaking of course of the Perth light rail project.

That was a proposition put forward initially by the Greens. I acknowledge the work of the state Labor government—the Gallop and later Carpenter governments—and particularly former WA minister Alannah MacTiernan in doing early study work on light rail for Perth. It is never the coalition, either at a state or federal level, that brings these projects forward. The Greens launched the proposal at the 2007 federal election. After a couple of years of campaigning and hard work, the Barnett government—deeply unpopular, traumatised, moribund and in a bit of a mess—took up the idea, proposed it and committed a little more than $4 million to design and pre-feasibility work.

So that was a Green initiated project, designed by Liberal and National parties in Perth and Western Australia—and we got $500 million from a federal Labor minister in the Commonwealth budget for implementation and development. So it was very much a cross-party initiative. At about this time last year we were thinking that we had actually managed to pull politics out of the proposal and that the Liberals, Nationals, Greens and Labor were going to be able to get a light rail network built in Western Australia—for the first time since 1958.

What happened? Prime Minister Tony Abbott comes to office and says, 'There will be no public transport under a government I lead,' pulls $5 million off the table and instead we get this obscene $925 million contribution—which effectively gets the project over the line and makes it bankable—for a private freight highway through a wetland. That is one of the reasons why we are opposing a bill such as this. The federal government have effectively put on the table $9½ billion worth of funding around the country for projects that have effectively circumvented Infrastructure Australia's arms-length assessment procedure, and now they are just dropping freeways on people's heads. It is a little similar to the east-west tunnel catastrophe that Senator Conroy was outlining, although I understand that the Labor Party has a rather morally ambiguous position towards whether that gets built or not.

In Western Australia, the situation is much clearer. The state and federal Labor Party oppose this freeway. The state and federal Australian Greens oppose this freeway. The community oppose the freeway. Most of the local government authorities in the area oppose the freeway. People who care about urban bushland oppose it. The local Aboriginal mob oppose four lanes of tarmac smashing through sacred sites on the shores of Bibra Lake, or Wallabiup. So it is fairly easy to see that this project should never have seen the light of day. But there was $920 million committed to it before you had even seen the design. The Commonwealth bureaucrats who are writing the cheques out did not even know whether it would be an elevated freeway or not. Nobody knows what is going to happen to all the traffic—the masses of container traffic that you are going to be dumping onto Tydeman Road through four sets of traffic lights. Nobody knows. The thing has not been designed. Nobody has released the cost-benefit analysis—based, undoubtedly, on hallucinations of time savings that amount to $4 billion or $5 billion, just imaginary numbers.

The government believe that anything that is not nailed down should be privatised. They never saw an urban freeway that they did not like, and they have this strange loathing of public transport. Maybe you spend your entire time being carted around in Comcars and chauffeur driven limousines and do not feel the need for public transport. It should be user-pays, shouldn't it? That loathing for public transport such that you would abolish projects.
already afoot is stranger to me than understanding how the coal industry could have just bought and written your climate policy for you. It is simpler to join those particular dots. So I hope that Labor will rethink their support for this bill.

We will go into this in detail in committee, but I foreshadow that we will be supporting most of the amendments that the Labor Party are putting forward around cost-benefit analysis. They are entirely consistent with amendments that we passed a fortnight ago when we were debating the Infrastructure Australia Amendment Bill. They are sensible. If this thing is going to be passed back to the House of Representatives, it does make sense to ensure that those checks and balances are in there. But I do find it strange to see the Australian Labor Party aiding and abetting Prime Minister Tony Abbott's privatised urban freeways agenda. It is strange, particularly when you have been so strong at home in the instance of the Roe Highway. I find that a bit peculiar.

We believe that public assets should remain in public hands unless there is a very compelling case for them to be sold off. A couple of weeks ago, at the ACOSS national conference in Brisbane, I caught up with Professor Charles Sampford. He has very interesting views on these things. He has spent many years studying what actually happens in the process of state asset sales. Professor Sampford is Foundation Dean, Professor of Law and Research Professor in Ethics at Griffith University. He is not a hardline pro- or anti-privatisation person per se. In fact he has got some quite strong comments for anybody residing at the opposite poles of the debate, telling them to take a look at what the actual costs are and arguments that can be made for where the state should not own a particular thing. I will give one example that is close to my heart. With the National Broadband Network, we supported the wholesale arm of that company being brought back into public hands from Telstra. But, at the retail level, there is no sense having a state owned retailer necessarily. It makes entirely good sense for the private sector to be competing to provide a decent service to people. But, for heaven's sake, you do not privatise the wholesale essential service end of the network, which is a natural monopoly. So there is a spectrum of views.

Professor Sampford's take on it is very interesting, because he looks into what happens during the process of state asset sales and looks at all the hidden costs that exist, which I mention for the benefit of the boosters, those right up the far end of the pro-privatisation spectrum, who just want to sell everything off because they do not really believe in the existence of democratic states, which is kind of bizarre. Here is what he says:

Transfers of ownership are not without cost. Transaction costs include the costs of legislation, legal advice, due diligence, brokerage and underwriting fees. The fees can easily reach 2-3 per cent of the value of the enterprise and are not irrelevant to the excitement privatisation generates among the legal and stockbroking industries—and the uncritical support they offer for it.

That is kind of interesting when you see that the range of voices in the public debate demanding that things be sold off tend to come from the very same people—the hordes of parasites who swirl around try to take a cut out of these things—who are the direct financial beneficiaries of asset sales. Professor Sampford goes on:

To this must be added the tendency to underprice the asset to ensure that the privatisation is a 'success'. Politicians pushing privatisation are less concerned that the price be maximised than that the sale go through. In this they will be aided and abetted by the underwriters who want to minimise their own risk.
So there you have it. There is a certain kind of moral hazard. The private sector see a fat asset that they can potentially strip, fire a whole heap of people, break up and do with as they wish—an asset built up over years or decades by taxpayers' money that can be sold cheaply to them to suck a profit out of. So they are all for it. Then there are the analysts, the lawyers, the underwriters, the brokers and this whole cloud of people who materialise out of the woodwork to assist the government in flogging off something that people built. They are all for it. They are busily writing op-eds in the newspapers saying that this will be a fantastic thing, and the public interest gets wiped off the table.

We can see, from the clauses and the way in which this bill has been presented to the parliament, that the Abbott government is right up the far end of the pro-privatisation spectrum. That is why, if the bill is to pass the Senate, the Greens will be supporting the Labor amendments around some checks and balances, and we will be introducing some amendments of our own. It is not appropriate to be bribing state governments who are starved of cash—and we know that; the Commonwealth has got most of the taxing power; it has got 75 per cent of the taxing power. The states sit upon a perilously narrow taxation base. To be telling them, 'If you want new transport infrastructure you need to sell hospitals, you need to sell ports, you need to sell what is left of your electricity grids or power stations,' as much as they remain in public hands, 'and you need to basically throw them to the whims of the market, otherwise you will not see a dollar in Commonwealth funding,' is a disgrace. I will have a great deal more to say when we come to the committee stage of the bill and start going through amendments in details, but it is the strong view of the Australian Greens that this bill not proceed past the second reading stage.

**Senator PERIS** (Northern Territory) (11:45): I rise to speak on the Asset Recycling Fund Bill 2014 and cognate bill which essentially provide for the Commonwealth to provide an incentive to privatise state and territory assets and to recycle the proceeds into new infrastructure. The Commonwealth contribution is to provide state and territory governments with an additional 15 per cent for the reinvested sale proceeds to the cost of the project. Firstly, I support the position from Labor that projects funded under the scheme should be subject to the advice from Infrastructure Australia but, in particular, I support the position that a disallowable instrument should be provided for each potential sale so that the parliament can block any potential asset sale as ineligible for this scheme. This is because I have some very serious concerns about how this scheme will be applied in the Northern Territory, as do many Territorians who have contacted me with their concerns on what the Northern Territory Country Liberal government will do under the scheme.

Territorians do not want the scheme to be used by the CLP government to justify selling off our valuable public assets. They do not want the CLP government to sell off Power and Water, TIO and the Port of Darwin. This is why the Labor amendment supporting the disallowance instrument is so important. I will come back to the concerns that I and many other Territorians and community members have in relation to the selling off of our efforts.

As we all know, the Northern Territory suffers from a major infrastructure deficit. This is not a political statement; it is a fact. It is why we have a parliamentary committee looking into developing the North. We are also currently suffering from a major lack of infrastructure funding. The budget had no new infrastructure funding for the Northern Territory. All they have done is to attempt to re-announce projects from previous budgets. In fact, the Abbott
budget outlined that over the next seven years the Northern Territory will get less than one per cent of the nation's infrastructure budget. You simply cannot develop the North by spending 99 per cent of the funding down south. Our lack of infrastructure funding has been met with a great deal of dismay in the Northern Territory. Even Chief Minister Adam Giles has been pushed to attack his own party for the pathetic amount of funding coming to the Northern Territory. Recently Treasurer Joe Hockey came to Darwin. He was asked by journalists at a press conference about the lack of funding. He said we should not be jealous. Can you believe that? This is exactly what he said, 'Don’t be jealous, because the rest of the country is jealous of your unemployment rate and the fact you have a very strong economy here. In other parts of the country we would need to lift the economy because ultimately it is not about getting a greater share of the pie. It is about lifting the total economy so that everyone can benefit.' Remarkably, member for Solomon Natasha Griggs supported his claims and said that the money should go down south because we did not have the workforce in the Northern Territory to carry out the work. Naturally, the Darwin media, as you can imagine, gave a lot of coverage about her outrageous, remarkable claims, which no-one simply agreed with. She tried to claim that she was taken out of context so the Northern Territory News printed the entire claim. They hung her out to dry with her own words. There was nothing out of context. She simply outlined that she thought infrastructure funding should not come to the Northern Territory.

We have also seen in the Northern Territory News Joe Hockey refusing to rule out that they will not use the revenue they get from their planned fuel tax to pay for roads they have already committed to. Regardless of the views of Natasha Griggs and Joe Hockey, everyone else in the Northern Territory is concerned about the lack of funding, including Northern Territory government.

As I mentioned, the other major issue is the Northern Territory is under threat of privatisation. The Northern Territory government is clearly looking at selling off several of our assets. The big three currently under threat are Power and Water, Territory Insurance Office and the Port of Darwin. The Northern Territory government is clearly looking at selling these assets and I am concerned that they will use the asset recycling scheme as a justification to sell them. I am also extremely concerned that the Commonwealth would use the scheme as a gun to be held to the Northern Territory's head: 'Sell your assets or forget about infrastructure funding!' We should not have to sell our assets to get infrastructure funding. Projects should be funded based on needs not on whether you are willing to sell your assets.

Prior to the last election in the Northern Territory, the Country Liberal Party signed written contracts with several remote communities and regions which they have since effectively torn up. None of the infrastructure spending promise has been delivered. This is one of the main reasons three of the regional members walked out on them. For example, they promised an all-year accessible road to Wadeye. They promised this in a signed, written agreement with the community. In the tropics, such a road would cost hundreds of millions of dollars. We are coming up to nearly two years since the promise was made and two budgets have come and gone. There has been no funding or even a suggestion of funding. There has been no sign of any attempt to deliver on this promise. This was just one example that made up billions of dollars of underfunded election promises in the bush that are simply not happening. As former
Chief Minister Paul Henderson, said, 'They are just spreading fairy dust in the bush.' He was right. They made underfunded promises they never intended to keep and it is coming back to bite them. As I have mentioned, they have already lost three of their own bush members.

I am concerned that in the CLP's desperation to pretend to be delivering on the billions of dollars they require that they would definitely sell off our assets under this scheme. I will briefly go through each of them and our concerns. Power and Water is the first one. After the CLP promised to cut the cost of power, they even ran election ads complaining about how much people dreaded their power bills. They immediately put up power bills annually by $2,000 a household. Most people at the time were very much of the view that the CLP were fattening Power and Water up for sale. It now looks as though they were right. The Northern Territory government, without any analysis, modelling or consultation, has recently split up Power and Water into three separate entities. The only reason to do this would be to sell it, breaking it up into nice little saleable entities. In fact, the Chief Minister has already suggested that the sale of Power and Water under the asset recycling scheme will be considered. He said he had the view that the scheme is a means to get extra taxpayer value for public assets and he would not rule it out.

We have no gas pipe to the households in the Northern Territory and we are very reliant on Power and Water for air conditioning. We had the highest power bills in this country. We also get some pretty big storms and reliability is a big issue. Just last month we had the town of Nhulunbuy without power for 24 hours. We have seen the same in Darwin. Could you imagine if Melbourne or Sydney was without power for 24 hours—and this happens regularly in Darwin?

People in the Northern Territory know that selling Power and Water would guarantee two things: higher prices and longer, more frequent blackouts. I am therefore very concerned that Power and Water will be sold off under the scheme that this bill creates. I am also very concerned that the people of the Northern Territory will get no say.

The DEPUTY PRESIDENT: The time for this debate has now expired.

NOTICES

Presentation

Senators McKenzie and Back to move on the next day of sitting:

That the Senate—

(a) notes:

(i) with concern the activities of vigilantes on private farm property, and covertly filming operations, is trespassing and is illegal, and

(ii) such activities are distressing to the animals, staff and owners, and disrupt the operation of legitimate businesses;

(b) acknowledges the risk of such activities introducing biosecurity threats through the spread of disease that can be detrimental to animals and the viability of farm businesses;

(c) condemns such illegal actions;

(d) calls on vigilantes to respect the laws, and present any animal mistreatment allegations immediately and directly to authorities; and

(e) acknowledges the strong animal husbandry skills of Australian farmers and does not tolerate animal cruelty in any form.
COMMITTEES
Selection of Bills Committee

Report


Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 9 of 2014

1. The committee met in private session on Wednesday, 16 July 2014 at 7.25 pm.
2. The committee resolved to recommend:

That—

(a) contingent upon its introduction in the House of Representatives, the provisions of the Crimes Legislation Amendment (Psychoactive Substances and Other Measures) Bill 2014 be referred immediately to the Legal and Constitutional Affairs Legislation Committee for inquiry and report by 2 September 2014 (see appendix 1 for a statement of reasons for referral).

3. The committee resolved to recommend—that the following bills not be referred to committees:

- Clean Energy Legislation (Carbon Tax Repeal) Bill 2014
- True-up Shortfall Levy (General) (Carbon Tax Repeal) Bill 2014
- True-up Shortfall Levy (Excise) (Carbon Tax Repeal) Bill 2014
- Customs Tariff Amendment (Carbon Tax Repeal) Bill 2014
- Excise Tariff Amendment (Carbon Tax Repeal) Bill 2014
- Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Amendment (Carbon Tax Repeal) Bill 2014
- Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Amendment (Carbon Tax Repeal) Bill 2014

The committee recommends accordingly.

4. The committee considered the following bill but was unable to reach agreement:

- National Security Legislation Amendment Bill (No. 1) 2014.

5. The committee deferred consideration of the following bills to its next meeting:

- Australian Sports Anti-Doping Authority Amendment Bill 2014
- Competition and Consumer Amendment (Industry Code Penalties) Bill 2014
- Customs Amendment Bill 2014
- Guardian for Unaccompanied Children Bill 2014
- International Tax Agreements Amendment Bill 2014
- Marine Safety (Domestic Commercial Vessel) National Law Amendment Bill 2014
- Military Rehabilitation and Compensation Amendment Bill 2014
SENATE

Motor Vehicle Standards (Cheaper Transport) Bill 2014
Save Our Sharks Bill 2014
Social Services and Other Legislation Amendment (Student Measures) Bill 2014
Tax and Superannuation Laws Amendment (2014 Measures No. 4) Bill 2014.

(David Bushby)

Chair
17 July 2014

APPENDIX 1

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee:

Name of bill:
Crimes Legislation Amendment (Psychoactive Substances and Other Measures) Bill 2014

Reasons for referral/principal issues for consideration:
Concerns about unintended consequences and to look at alternative models.

Possible submissions or evidence from:
Key stakeholders in drug and alcohol sector.

Committee to which bill is to be referred:
Legal and Constitutional Affairs Legislation Committee

Possible hearing date(s):
Late August / September

Possible reporting date:
September/October 2014

(signed)
Senator Siewert
Whip/Selection of Bills Committee Member

Senator BUSHBY: I move:
That the report be adopted.

Senator LUDBAM (Western Australia) (11:53): I move:
That at the end of the motion, add, "and, in respect of the National Security Legislation Amendment Bill (No. 1) 2014, the bill be referred immediately to the Legal and Constitutional Affairs Legislation Committee for inquiry and report by 8 November 2014".

The DEPUTY PRESIDENT: The question is that the amendment be agreed to.

Question negatived.

Senator LUDBAM (Western Australia) (11:54): I seek leave to make a short statement. I understand it will be possible to debate this motion. I want to put very clearly on the record why I am proposing an amendment, as it is a rather unusual thing to do to a Selection of Bills report.

Leave granted.
Senator LUDLAM: I thank the chamber. It is unusual for a senator to come forward and bring a disagreement to the chamber with a Selection of Bills Committee report.

Senator Brandis has brought forward a bill, the annual expansion of ASIO's powers—sometimes it is more than annual but I think it has been about a year since we were last here—and effectively cherry picking a set of recommendations from a Parliamentary Joint Committee on Intelligence and Security report from last year.

Without any disrespect at all to the PJCIS, I think it is utterly inappropriate to take a batch of recommendations that came from that joint committee, embed them into a bill and then send that bill back to the same committee that proposed the measures for review. What do we think they might say? Do we think they might give it impartial scrutiny and critique, call witnesses and go through it carefully; or will they say, 'This looks very familiar to what we said should happen 12 months ago'? It is entirely inappropriate that the committee that proposed the measures should now be the one to scrutinise them.

I hope that I will have Labor and crossbench support to allow the Senate to do its job. We have Senate standing committees to assess and analyse bills, to take evidence for, against, neutral, and to improve bills like this, particularly a bill as sensitive as this one. The proposal to expand ASIO's sweeping powers is so controversial—and I don't quite understand where the Labor Party's heads are at, because we hear different things from different spokespeople—but, the very least that should happen is that the Senate should be permitted to do its job, and that is why I have brought this motion forward.

In order not to take up too much of the chamber's time, I will also foreshadow a motion that I am bringing forward before too much longer to require the National Security Legislation Monitor to also investigate these bills. The reason for that is very simple: the parliamentary joint committee that provided this report last year that Senator Brandis is now cherry picking from said—and this is a recommendation that Senator Brandis will have signed off on and that the Labor Party will have signed off on; there are no crossbench voices any more than that committee because those positions were wiped out after the election. Presumably, the government doesn't care to hear from independent voices, but Senator Brandis signed off and the Labor Party shadow Attorney-General signed off on a recommendation that said that the National Security Legislation Monitor and the Inspector-general of Intelligence and Security—two small but very important offices, in fact, who hold, on one hand, the policy recommendations and the operational recommendations of our covert and clandestine intelligence gathering and police agencies—should be required to review the bills.

So the first thing that happened in response to that recommendation was that Senator Brandis proposed as a part of red tape removal that the National Security Legislation Monitor be abolished. So way to go with the transparency. I understand he may have changed his mind, although I would appreciate confirmation that that is the case.

I will shortly be moving a motion that ensures that the legislation monitor provides a report and that the IGIS provides a report. The only thing that distinguishes Australia from a police state is this so-called red tape: accountability and offices like the IGIS and analysts like the National Security Legislation Monitor. That is the thin line that stands between us and unregulated secret police and surveillance powers, and that is not overdoing it.
In Australia we have royal commissions into police corruption every couple of years around the states and territories. These are people—they are not immune to the pressures of the offices. They do dangerous and demanding work. They are not immune to corruption, and I don't think any of us should be surprised that a secret police or a secret intelligence-gathering agency should come to the parliament every few months asking for more intelligence-gathering powers. We should not write them a blank cheque. At the very least, I implore you, colleagues, to let the Senate do its job.

The DEPUTY PRESIDENT: The amendment that Senator Ludlam was speaking about has already been dealt with. The question is that the report be adopted.

Question agreed to.

BUSINESS

Leave of Absence

Senator BUSHBY (Tasmania—Government Whip in the Senate) (11:59): by leave—I move:
That leave of absence be granted to Senator Ronaldson from 14 to 18 July 2014, on account of ministerial business.

Question agreed to.

Senator McEWEN (South Australia—Opposition Whip in the Senate) (12:00): by leave—I move:
That leave of absence be granted to Senator Xenophon for today, for personal reasons.

Question agreed to

NOTICES

Postponement

The following items of business were postponed:

Business of the Senate notice of motion no. 2 standing in the name of Senator Dastyari for today, proposing the disallowance of items 1 to 27 inclusive and item 30 of the Corporations Amendment (Streamlining Future of Financial Advice) Regulation 2014, postponed till 26 August 2014.

General business notices of motion nos 351 and 352 standing in the name of Senator Bernardi for today, relating to the Select Committee on the National Broadband Network and to the proposed establishment of a joint select committee on the National Broadband Network, postponed till 26 August 2014.

General business notice of motion no. 356 standing in the name of the Leader of the Palmer United Party in the Senate (Senator Lazarus) for today, proposing the establishment of a select committee on certain aspects of Queensland Government administration, postponed till 26 August 2014.

COMMITTEES

Privileges Committee

Reference

Senator McEWEN (South Australia—Opposition Whip in the Senate) (12:01): At the request of Senator Heffernan and Senator Sterle, I move:
(1) That the following matter be referred to the Committee of Privileges for inquiry and report:
In the context of an inquiry by the Rural and Regional Affairs and Transport References Committee into aviation accident investigations and Budget estimates hearings of the Rural and Regional Affairs and Transport Legislation Committee in May 2013:

(a) whether disciplinary action was taken against either a witness before the committee or a person providing information to the committee; and

(b) if so, whether any contempt was committed in respect of those matters.

(2) That, for the purpose of providing further information to the Committee of Privileges, the Standing Committees on Rural and Regional Affairs and Transport have access to the records of the committee in the previous Parliament.

Question agreed to.

Community Affairs References Committee

Reference

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:01): I move:

That the following matter be referred to the Community Affairs References Committee for inquiry and report by the second sitting week in February 2015:

Out of home care, including;

(a) drivers of the increase in the number of children placed in out of home care, types of care that are increasing and demographics of the children in care,

(b) the outcomes for children in out of home care (including kinship care, foster care and residential care) versus staying in the home;

(c) current models for out of home care, including kinship care, foster care and residential care;

(d) current cost of Australia's approach to care and protection;

(e) consistency of approach to out of home care around Australia;

(f) what are the supports available for relative/kinship care, foster care and residential care;

(g) best practice in out of home care in Australia and internationally;

(h) consultation with individuals, families and communities affected by removal of children from the home;

(i) extent of children in out of home care remaining connected to their family of origin; and

(j) best practice solutions for supporting children in vulnerable family situations including early intervention.

Question agreed to.

MOTIONS

National Water Commission

Senator RHIANNON (New South Wales) (12:02): I, and also on behalf of Senator Xenophon, move:

That the Senate—

(a) notes:

(i) water is one of our most important resources and is critical to Australia's economic growth,

(ii) the National Water Commission (the Commission) plays a crucial role in monitoring, auditing and assessing water policy,

(iii) the independence of the Commission is vital to its effectiveness,
(iv) the 2011 Council of Australian Governments review of the Commission stated that it should continue ‘for the lifetime of the NWI’ and ‘without sunset provision until the NWI is substantially replaced’; and

(b) calls on the Government to reverse its position on the closure of the Commission.

The DEPUTY PRESIDENT: The question is that general business notice of motion No. 354 be agreed to.

The Senate divided. [12:07]

(The Deputy President—Senator Marshall)

Ayes ................. 32
Noes ................. 30
 Majority ............ 2

AYES

Bilyk, CL
Bullock, J.W.
Collins, JMA
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Ludwig, JW
Madigan, JJ
McLucas, J
Moore, CM
O'Neil, DM
Rhiannon, L
Siewert, R
Sterle, G
Whish-Wilson, PS

NOES

Back, CJ
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Leyonhjelm, DE
McGrath, J
Nash, F
Parry, S
Reynolds, L
Ryan, SM
Seselja, Z
Smith, D

PAIRS

Carr, KJ

ABETZ, E
Question agreed to.

COMMITTEES
Community Affairs Legislation Committee

Reporting Date

Senator BUSHBY (Tasmania—Government Whip in the Senate) (12:10): At the request of the chair of the committee, Senator Seselja, I move:

That the time for the presentation of the report of the Community Affairs Legislation Committee on the Aboriginal and Torres Strait Islander Amendment (A Stronger Land Account) Bill 2014 be extended to 29 October 2014.

Question agreed to.

BILLS
Defence Legislation Amendment (Parliamentary Approval of Overseas Service) Bill 2014

First Reading

Senator LUDLAM (Western Australia) (12:11): I move:

That the following bill be introduced: A Bill for an Act to amend the law relating to defence to provide for parliamentary approval of overseas service by members of the Defence Force, and for related purposes.

I would add that this is the 29th year that this bill will have been on the Notice Paper.

Question agreed to.

Senator LUDLAM: 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 LUDLAM (Western Australia) (12:12): 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 LUDLAM: I table the explanatory memorandum and I seek leave to have the second reading speech incorporated into Hansard.

Leave granted.

The speech read as follows—
DEFENCE LEGISLATION AMENDMENT (PARLIAMENTARY APPROVAL OF OVERSEAS SERVICE) BILL 2014

Australia is one of the few remaining democracies that can legally deploy its defence forces into conflict zones without recourse to the Parliament: the decision is reserved to the executive alone. As kindred democracies around the world have enacted reforms to vest the so-called 'War Power' in elected Parliaments, Australia has remained anchored to a pre-democratic tradition founded in hereditary monarchies and feudal states.

If this anachronism had served Australia well, it might be possible to mount an argument that "if it isn't broken, it doesn't need fixing."

If the horror unfolding in Iraq does not comprehensively put this view to rest, it is difficult to imagine what would. On the basis of fabricated and wilfully misinterpreted intelligence, Prime Minister John Howard followed the United States and the United Kingdom into an illegal and open-ended war in Iraq. Our Parliament, and by extension the voting public of Australia, were cut out of the decision, despite the fact that hundreds of millions of people around the world organised and campaigned against the decision to go to war.

There are few credible analysts left anywhere who do not regard the decision by hardliners within the Bush Administration to invade Iraq as one of the most grievous strategic disasters in modern history. The vast majority of Australians were right, and the executive authorities in the US, the UK and Australia, were wrong. No inquiry into the decision to go to war has ever been held in Australia, only a handful of piecemeal attempts to pin the blame on intelligence services and shift focus away from the actions of the Howard Government.

At the time, Iraq was not threatening war. There was no connection or allegiance between the secular Baathist regime that ruled Iraq and the fundamentalist Al Qaeda networks responsible for the 9/11 attacks. There were no weapons of mass destruction in Iraq, and hadn't been since 1991. Intelligence agencies within the US, the UK and Australia understood these facts, but inflexible groupthink prevailed within the White House, Downing Street and the Prime Minister's office here in Australia. It was rumoured at the time that Australian Special Forces units were among the very first on the ground inside Iraq, even before President Bush went on live television to announce that Operation Iraqi Freedom had commenced.

Australia is entirely complicit in the violent, decade-long occupation that shattered Iraq's social and economic structures, and ignited long-dormant sectarian tensions that now threaten to plunge the crippled country into full-blown civil war.

At the time of speaking, Sunni fundamentalists considered too extreme to remain part of Al Qaeda have established a new Caliphate in territory carved out of Syria and Iraq. The brittle institutions of Iraqi governance, bombed into existence by the United States, now threaten to collapse entirely.

If there is a strategic policy failure more complete than the catastrophic invasion of Iraq, it is difficult to recall it. This dismal outcome was predicted at the time by many of those who opposed the war, but the executive's lock on the process means that the normal Parliamentary processes of critique and accountability were bypassed. Somewhere between 100,000 and one million Iraqis have paid for this obscene oversight with their lives.

Should Prime Minister Abbott decide to compound the strategic incompetence of 2003 with a further deployment as the security environment in Iraq deteriorates, the Australian Parliament, and the Australian people, would be cut out of the decision again.

Concurrently with the Iraq deployment, Australia has also fought a long, costly, and ultimately futile war in Afghanistan. The heaviest cost was carried by the Afghan people: tens of thousands of civilians killed, maimed and traumatised as the US Government's saturation bombing campaign transitioned into a long, untenable occupation. Forty one Australian soldiers have lost their lives in Afghanistan. Out of
respect to them and their families, Parliament pauses to acknowledge their sacrifice when news breaks of another death. No such respects are paid to those Afghans who also paid the ultimate price; no-one even appears to be keeping count.

It is no longer tenable that the decision to deploy into conflict zones should be left to the executive alone. Our current Defence Act does not allow for any level of transparent decision making, scrutiny and debate, but this is an artefact of legislation, not the natural order of things.

The **Defence Legislation Amendment (Parliamentary Approval of Overseas Service) Bill 2014** inserts a new section 50C into the Defence Act to require that decisions to deploy members of the Australian Defence Force beyond the territorial limits be made not by the executive alone but by Parliament as a whole. This means debate in both houses, followed by a vote.

This Bill was initiated by the Australian Democrats and supported by the Australian Greens, who took carriage of the Bill after 2007. It is the latest iteration of a Bill introduced into the Senate in 1985. In 2015 it will mark its 30th year of languishing in plain sight while Liberal and Labor Prime Ministers alike reserve this power to themselves, plunging Australia into a tragic series of overseas expeditionary wars that have had little or nothing to do with the defence of Australia or collective security.

In August 2009, I referred the Bill to the Senate Standing Committee on Foreign Affairs, Defence and Trade. The majority of the committee resolved to refuse to take evidence in a hearing. Nonetheless, the Committee made a useful critique of the Bill without undermining its essential purpose, in its report of February 2010.

My dissenting report into the Bill provided the transcript of an informal hearing that we held, after the majority committee's short-sighted decision not to take evidence directly from witnesses.

This Bill would bring Australia into conformity with principles and practices utilised in other democracies including Denmark, Finland, Germany, Ireland, Slovakia, South Korea, Spain, Sweden, Switzerland and Turkey, where troop deployment is set down in constitutional or legislative provisions. Some form of parliamentary approval or consultation is also routinely undertaken in Austria, the Czech Republic, Italy, Japan, Luxembourg, the Netherlands and Norway. Our ally the United States has a similar provision that subjects the decision to go to war to a broader forum—section 8 of Article I of the US Constitution quite clearly says, "Congress shall have power to declare war". In the wake of the disaster in Iraq, the Westminster Parliament now holds the de-facto war power, a new convention that prevented a rushed deployment into Syria earlier in 2014.

Arguments against vesting the power over troop deployment to Parliament include that it would be impractical, restrictive and inefficient. Such arguments ignore the fact that parliaments can and do make complex and nuanced decisions, rapidly when necessary. As we have seen, decisions about war and peace made in undue haste that do not enjoy the mandate of the population – expressed through the Parliament, if nowhere else – have no legitimacy.

There are appropriate exemptions made in this Bill to avoid interfering with the non-warlike overseas service with which Australian troops are engaged – referring in particular to new subsection 50C(11). There are also appropriate exemptions in the Bill to provide for the practicalities of situations where Parliament cannot immediately meet – referring to subsections 50(3) and (7), which provide for the Governor-General to be able to make a proclamation regarding the declaration of war, provided that Parliament is then recalled within a period of two days.

It is time that Australia joined its closest allies and like-minded democratic states by involving the Parliament in the decision to deploy the ADF. The entwined tragedies of our recent military misadventures, and the threat that history may soon repeat, make passage of this Bill more urgent than ever.

Once again, I commend the Bill to the Senate.

**Senator LUDLAM:** I seek leave to continue my remarks later.
Leave granted; debate adjourned.

**DOCUMENTS**

**Australian Defence Force**

**Order for the Production of Documents**

Senator MADIGAN (Victoria) (12:12): At the request of Senator Xenophon, I move:

That there be laid on the table by the Minister for Defence, no later than 4 pm on Friday, 18 July 2014, a document providing the following information:

(a) the name of the successful tenderer for Australian Defence Force boots, Tender DMOLSD/RFT0129/2012; and

(b) the price differential of the winning tenderer compared to that of the closest Australian tenderer as per one of the following ranges:

(i) less than 10 per cent,
(ii) between 10 per cent and 20 per cent,
(iii) between 20 per cent and 30 per cent,
(iv) between 30 per cent and 40 per cent, and
(v) 50 per cent and over.

Question agreed to.

**MOTIONS**

**National Electricity Rules**

Senator MADIGAN (Victoria) (12:13): At the request of Senator Xenophon, I move:

That the Senate—

(a) notes that:

(i) over the past 6 years electricity prices have more than doubled for average households, with the carbon tax being one of the elements of that price increase, and

(b) network charges have been responsible for approximately two-thirds of this rise in power prices; and

(b) calls on the Government to urgently review the National Electricity Rules governing the setting of network prices by taking a leadership role in the Council of Australian Governments to ensure a review of the rules by the Australian Energy Market Commission.

Question agreed to.

**Budget**

Senator WRIGHT (South Australia) (12:13): I seek leave to table a report that is referred to in the motion that I will move.

Leave granted.

Senator WRIGHT: I table the document Budget 2014 Policy Briefing Papers from ConNetica, and I move:

That the Senate—

(a) notes the findings of the Connetica Budget 2014 Policy Briefing Papers which outline:

(i) the disproportionate burden the 2014-15 budget cuts will place on young people,
(ii) the potential for an increase in suicides and mental ill-health among young Australians as a result of harsh budget measures, including changes to Newstart, increases to university fees, cutting the Tools for your Trade program, and ending support programs like Youth Connections, and

(iii) that isolation, dislocation, loneliness, hopelessness and unemployment can increase anxiety, despair and depression;

(b) recognises that public policy has a direct impact on the mental health and wellbeing of the community; and

(c) urges the Government to reverse budget decisions which will adversely affect the mental health of young Australians.

The DEPUTY PRESIDENT: The question is that the motion be agreed to.

The Senate divided. [12:19]

(The Deputy President—Senator Marshall)

AYES

Brown, CL
Cameron, DN
Conroy, SM
Di Natale, R
Gallacher, AM
Ketter, CR
Lazarus, GP
Ludlam, S
Lundy, KA
McLucas, J
Moore, CM
O’Neill, DM
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wright, PL

Bulloch, J.W.
Collins, JMA
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lambie, J
Lines, S
Ludwig, JW
McEwen, A (teller)
Milne, C
Muir, R
Peris, N
Rice, J
Singh, LM
Wang, Z

NOES

Back, CJ
Brandis, GH
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D
Macdonald, ID
McKenzie, B
O’Sullivan, B
Reynolds, L

Birmingham, SJ
Bushby, DC (teller)
Cash, MC
Cornmann, M
Edwards, S
Fieravanti-Wells, C
Heffernan, W
Leyonhjelm, DE
McGrath, J
Nash, F
Payne, MA
Ruston, A
Thursday, 17 July 2014

SENATE

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NOES

Ryan, SM  
Seselja, Z  
Smith, D  
Scullion, NG  
Sinodinos, A  
Williams, JR

Question agreed to.

Asylum Seekers

Senator HANSON-YOUNG (South Australia) (12:21): I move:

That the Senate calls on the Government to cease the current 'on water' screening and transfers of asylum seekers which the United Nations High Commissioner for Refugees has said fall well short of Australia's international obligations and could mean that asylum seekers were returned, or refouled, to persecution.

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (12:22): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator CASH:

The government will not be supporting this motion. The government forthrightly reject the suggestion that Australia is in any way in breach of our international obligations. Australia returned to Sri Lanka 37 Singhalese and four Tamils because none engaged in any of Australia's protection obligations and hence were not refugees. To suggest otherwise provides tacit approval for illegal migration. The government's focus is to do everything in its power to prevent people smuggling and loss of life at sea.

The DEPUTY PRESIDENT: The question is that general business notice of motion No. 361 be agreed to.

The Senate divided. [12:27]

(The Deputy President—Senator Marshall)

AYES

Brown, CL  
Cameron, DN  
Conroy, SM  
Di Natale, R  
Hanson-Young, SC  
Lines, S  
Ludwig, JW  
Madigan, J  
McLuscas, J  
Moore, CM  
Peris, N  
Rice, J  
Bullock, J.W.  
Collins, JMA  
Dastyari, S  
Gallacher, AM  
Ketter, CR  
Ludlam, S  
Lundy, KA  
McEwen, A (teller)  
Milne, C  
O'Neill, DM  
Rhiannon, L  
Siewert, R  

CHAMBER
Question negatived.

**DOCUMENTS**

**Abbot Point**

*Order for the Production of Documents*

**Senator WATERS** (Queensland) (12:29): I move:

1. That there be laid on the table by the Minister representing the Minister for the Environment, no later than noon on 26 August 2014, any document in relation to the water quality offset imposed on the Abbot Point dredging and dumping approvals in December 2013 that discusses or assesses:

   a. the likely costs of offsetting 150 per cent of fine sediments 'potentially available for resuspension';

   b. the contributions of North Queensland Bulk Ports, Adani or GVK to accomplishing this offset; and

   c. contributions from the Queensland or Federal governments to accomplishing this offset.

2. Documents previously released publicly pursuant to freedom of information or Senate orders for production of documents need not be included.

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:30): I seek leave to make a short statement.

**The DEPUTY PRESIDENT**: Leave is granted for one minute.

**Senator FIFIELD**: The motion relates to documents on offsets for the Abbot Point coal port approval. The question of offsets for this approval is a matter currently before the Federal Court and proceedings commenced by Mackay Conservation Group. This is the second
motion in relation to the Abbot Point proceedings that this chamber has considered this year. The Federal Court has appropriate processes and procedures relating to the disclosure and use of documentation. The rights of the parties, being not only the Commonwealth but also commercial entities like NQBP, Adani and GVK, are protected through these processes and procedures.

Senator WATERS (Queensland) (12:31): I seek leave to make a very brief statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator WATERS: I will clarify for the benefit of Senator Fifield that the matters before the court are not in conflict with the subject of this order for production of documents. The order relates specifically to whether or not the government will be contributing to costs of the proponents complying with an offset condition, which many believe is ludicrous and impossible—but that is beside the point. There is no conflict on that particular point between that and what is before the courts. I would urge the senator to support the motion.

The DEPUTY PRESIDENT: The question is that the motion moved by Senator Waters be agreed to.

The Senate divided. [12:33]

(The Deputy President—Senator Marshall)

Ayes ......................32
Noes ......................25
Majority..................7

AYES


Cameron, DN  Dastyari, S  Di Natale, R  Hanson-Young, SC  Lambie, J  Leyonhjelm, DE  Ludwig, JW  Madigan, JJ  McLucas, J  Moore, CM  O'Neill, DM  Rhiannon, L  Stewart, R  Sterle, G  Waters, LJ  Wright, PL

NOES

Noes

O'Sullivan, B
Reynolds, L
Scullion, NG
Sindinos, A
Williams, JR

Payne, MA
Ruston, A
Seselja, Z
Smith, D

Question agreed to.

Business

Consideration of Legislation

Senator LUDLAM (Western Australia) (12:35): I move:

That further consideration of the National Security Legislation Amendment Bill (No. 1) 2014 be postponed and made an order of the day for the later of:

(a) 8 September 2014; or

(b) the next day of sitting after the Government complies with Recommendation 41 of the report of the Parliamentary Joint Committee on Intelligence and Security, Report of the inquiry into potential reforms of Australia's National Security Legislation, at least, by seeking the views of the Independent National Security Legislation Monitor and the Inspector-General of Intelligence and Security on the bill, and tabling a copy of those views in the Senate.

Senator JACINTA COLLINS (Victoria) (12:35): I seek leave to make a one-minute statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator JACINTA COLLINS: Any extension of the powers of our intelligence agencies needs to have appropriate scrutiny by politicians, the Australian community and key stakeholders such as the Inspector General of Intelligence and Security. For this reason, Labor welcomes the fact that the National Security Legislation Amendment Bill (No. 1) 2014 has now been referred to Joint Committee on Intelligence and Security and that there will now be an appropriate period for the public and key stakeholders to also comment on the significant changes being proposed. With respect to the Independent National Security Legislation Monitor, I welcome Senator Brandis's announcement yesterday that the government is backing down on its plan to abolish that office. Labor fought against the abolition of this important role. While we do not support Senator Ludlam's motion today, if an appropriately credentialed and experienced monitor can be appointed expeditiously by the government, Labor would certainly welcome the new monitor's views on the bill that is proposed.

The DEPUTY PRESIDENT: The question is that general business notice motion No. 364 be agreed to.

Question negatived.

Motions

International AIDS Conference

Senator SMITH (Western Australia) (12:37): I move:

That the Senate notes:
(a) That the 20th International AIDS Conference is being held in Melbourne from 20 July to 25 July 2014, and will be attended by about 12 000 delegates from nearly 200 countries representing science, civil society, politics and the private sector;
(b) that this biennial conference is the premier international gathering for those working in the field of HIV, policy makers and people living with HIV;
(c) Australia's resolve to work with governments, the business community and civil society across the region to reach the goals that the international community has set – zero new infections, zero AIDS related deaths and zero discrimination;
(d) that while HIV/AIDS in Australia is lower than in many comparable nations, around 5 million people in our region are living with HIV/AIDS;
(e) that Australia has spent A$1 billion combating HIV/AIDS in our region over the past decade and has committed $200 million over 3 years to support the Global Fund to Fight AIDS, Tuberculosis and Malaria, and that the Global Fund has already invested around $US6.8 billion in the Indo Pacific region delivering HIV treatment to over 700 000 people; and
(f) the Australian Government's release on 7 July 2014 of the 7th National HIV Strategy and its commitment to reverse the increasing trend of new HIV diagnosis and work towards the virtual elimination of HIV transmission by 2020.

Question agreed to.

Aboriginal Eye Health

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:37): I, and also on behalf of Senator Peris, move:

That the Senate—
(a) notes:
(i) the launch of the Roadmap to Close the Gap for Vision by the University of Melbourne released in July 2014,
(ii) that Aboriginal adults are 6 times more likely to become blind than non-Aboriginal Australians, and
(iii) that 94 per cent of vision loss in Aboriginal adult Australians is preventable or treatable; and
(b) urges the Federal Government to:
(i) review the report and provide national leadership on eye health, and
(ii) address the gap between Aboriginal and non-Aboriginal eye health as a matter of priority.

Question agreed to.

COMMITTEES

Finance and Public Administration References Committee

Report

Senator LUNDY (Australian Capital Territory) (12:38): Pursuant to order, I present the report of the Senate Finance and Public Administration References Committee on Commonwealth procurement procedures, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator LUNDY: I move:

That the Senate take note of the report.
This important inquiry has explored the operation and effectiveness or, indeed, otherwise of the Commonwealth procurement rules. These rules set out the processes and rules for government purchasing. We also explored in some depth procurement related policies, which, interestingly, are not overseen by the Department of Finance but a range of other departments to which those procurement related policies belong.

The inquiry explored the impact of Australia's international obligations arising from bilateral free trade agreements on procurement policies. The committee formed the view that government procurement policies, as part of the value-for-money assessment, should take into account the effect of those procurement decisions on communities and the broader economy.

Throughout this inquiry, witnesses made clear to the committee that the value-for-money proposition is not merely a matter of comparing prices; it ought to be a matter of assessing the broader benefit, as well as the costs of the available options. For example, the committee received evidence suggesting that the procurement of locally produced stationery had definite economic benefits for government, including greater government tax revenues from individuals and companies, the benefit of supporting Australian jobs and, indeed, the development of Australian workers' skills in this area.

Mr Travis Wacey from the CFMEU reflected on the estimate of job losses in the paper and forestry industries as a result of Australian Paper not being awarded the envelopes contract in 2013 by DHS. He said:

We are not just talking about one or two jobs; we think that 15 to 20 direct production jobs were triggered by the loss of this contract, and it is a situation representing literally hundreds of thousands of dollars, if not millions of dollars in lost taxpayer revenue in the short, medium and longer term just for the $8,000 benefit.

That was the difference in the bottom line price in that particular tender. It was noted:

Australian Paper also provides significant revenue to all levels of Government; equivalent to $1.81 for each and every A4 ream of copy paper that we make and totalling $432 Million in 2012.

These are just some of the considerations that brought the committee to the conclusion that there is an urgent need for a stronger methodology to assess whole-of-life costs within the value-for-money assessment component of procurement decision-making. It is quite a mouthful, but this issue goes to the heart of how Australian industry has opportunities to compete on a level playing field.

The committee formed the view that, with consideration of the broad economic benefits of procurement as part of a comprehensive value-for-money assessment and the effective application of the range of procurement related policies, combined with the scrutiny and accountability measures contained in our recommendations, procurement outcomes for Australian companies would be considerably improved without impacting on our international bilateral trade obligations and without necessarily needing to change the procurement rules dramatically. In fact, one of the issues was that, if all of the procurement related policies and rules were applied with a genuine whole-of-life, value-for-money assessment, the policy would not need to change much at all. It is about the application, effectiveness, oversight, transparency and genuineness of the objectives contained within procurement policies.

There was quite a deal of concern from a number of industries, including the IT industry. We heard evidence from Michelle Melbourne and Suzanne Campbell, representing the Business Council of the ACT and the Australian Information Industry Association. They
spoke specifically about a company called Intelledox. Michelle Melbourne, through her own experience, reflected on this and said:

… it is not an even playing field … over there; it just isn't … So we—

that is, Australia—

follow the rules with the free trade agreement, but the US do not do that. They are fiercely parochial. Each state and procurement body that you deal with over there asks you: ‘Who is your local partner?’

The committee asked for details on how our international free trade agreements apply. The evidence we got is that we seem to not utilise the range of exemptions that are available for small to medium sized Australian businesses to the extent that our partners in these free trade agreements do. Therefore, our recommendations point to an exploration of the scope to work within those obligations—no-one is suggesting stepping out of those obligations—to fully garner the benefit that other nations have through those bilaterals and support our small to medium sized enterprises.

I am very conscious of time and I will, at the conclusion, seek leave to continue my remarks. However, can I thank the committee secretariat, in particular, Lyn Beverley and Ann Palmer, and a particular thank you to my Senate colleagues, who worked constructively. A minority report came in from government senators, who, interestingly, agree with some, certainly not all, of our recommendations.

I would particularly like to acknowledge Senators Madigan and Xenophon, who have supported the recommendations of the majority committee and added strength and detail in their own words as they continue to promote these issues relating to Australian companies' access to Commonwealth contracts. The key issue is in the capacity of companies to grow and expand and support the local community. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

BILLS

Asset Recycling Fund Bill 2014
Asset Recycling Fund (Consequential Amendments) Bill 2014

Second Reading

Debate resumed on the motion:

That these bills be now read a second time.

Senator PERIS (Northern Territory) (12:45): I continue to talk to the Asset Recycling Fund Bill 2014 and related bill. If I can go back to where I was before the debate was interrupted. The people of the Northern Territory know that selling Power and Water will guarantee two things; higher prices and longer, more frequent blackouts. So I am very concerned that Power and Water will be sold off under the scheme if this bill is passed.

I am also concerned that the people of the Northern Territory will get no say. It will just be announced one day and that is the way the Northern Territory government currently operates. We will wake up one morning and there will be an article on the front page of the Northern Territory News telling us that Power and Water will be sold. A deal has been done with the Abbott government and it will be sold. The Territory Insurance Office, TIO, is the only remaining government-owned insurance and banking institution in the country. There has been much talk about the potential sale of Power and Water over many years. As the only
remaining financial institution in government ownership, it can be seen by some as an obvious candidate for sale. But let me tell you that people in the Northern Territory do not want it sold.

Living in a cyclone-prone area we have an extra interest in home and contents insurance. It is already expensive and people simply do not want TIO sold. Again, from their public comments, the Northern Territory government are clearly looking at selling TIO. They refuse to rule it out.

The next candidate is the Port of Darwin. The port is less visible in the day-to-day lives of people in the Northern Territory than Power and Water, and TIO. But it is still extremely important to Territorians. Private investment in the port and its operations should be encouraged but, in an underdeveloped economy, we should not be selling off the assets that are so crucial to our plans to develop the north. Again, it would be outrageous if funds for our roads, to get cattle and minerals to the port, depended on the sale of our port. Those are my concerns about what the Northern Territory government would do with this fund.

That is why I support Labor's position on any potential sale that it be subject to a disallowable instrument. If the CLP government sell off any of our assets without proper consultation process or against the public interest, then we can block it from being eligible for sale under this scheme.

If a state or territory government go through the proper processes of selling an asset, if they undertake a full cost-benefit analysis and take their plans to an election and receive the endorsement of the community and the people of the Northern Territory, then and only then a contribution from the Commonwealth under this scheme will be warranted.

However if a government—and the CLP government in the Northern Territory are probably the most unlikely to do this—just suddenly announce a sale without any analysis and in complete opposition to community sentiment, then it is not appropriate that the Commonwealth support the sale through this scheme.

Finally, these are my main points. Our infrastructure spending should not be dependent on selling our infrastructure. In order to get our fair share of infrastructure funding, we should not be required to sell off our vital public assets. I am concerned that the Commonwealth government will use this fund to encourage the Northern Territory government to sell off our assets. I am also concerned that the Northern Territory government will use this fund to do what they want to do and that is to sell off our assets.

We are only getting less than one per cent of the Abbott government's infrastructure budget over the next seven years. Selling everything is not the solution. The Commonwealth parliament should be allowed to block a sale through a disallowable instrument.

Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (12:49): The Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014 are a desperate and belated attempt by the Abbott government to gain some credentials as an 'infrastructure government'. It is though infrastructure is an afterthought to them, not something they care a great deal about. The government do not even go close to matching the former Labor government's record investment in infrastructure.

After all, it was Labor that invested $16.2 billion during the height of the global financial crisis, through the BER program, Building the Education Revolution, to build the school
infrastructure of the 21st century. This was investment which helped stimulate the economy. We saved hundreds of thousands of jobs during the GFC, opposed by those opposite who, had they got their way, would have seen Australia plunged into recession.

Our economic stimulus plan, including the BER program, was praised by Nobel prize winning economist Joseph Stiglitz as being well designed. In fact, Professor Stiglitz said that, had it not been for the economic stimulus package designed by Labor and opposed by the economic neophytes opposite, Australia's national debt would have been considerably larger.

It was a Labor government which initiated Australia's largest ever national infrastructure project. I am talking, of course, about the National Broadband Network. I cannot emphasise enough how people from my home state of Tasmania, who are now connected to the network, are describing to me the transformative effect it is having on their lives and businesses.

Infrastructure spending overall under Labor went up by 42 per cent since the last full year of the Howard government—a government which paid very little attention to building Australia's infrastructure. Labor lifted annual infrastructure spending in Australia, from $132 per person to $225. We upgraded 7,500 kilometres of Australia's road network and upgraded 4,000 kilometres of Australia's rail network. Road spending doubled under Labor and we invested $13.6 billion in urban rail—more than had been invested by all of our predecessors combined since Federation. We also invested a further $3.4 billion in rail freight, which has been of great benefit to my home state of Tasmania, which relies heavily on rail for the transportation of freight across the state.

When Labor took office, Australia ranked 20th in the OECD in infrastructure spending; because of Labor's record investment in infrastructure, Australia now ranks first. In my home state of Tasmania, we saw significant investment going into the south of the state for the first time in over a decade. While the Howard government had focused on projects in the marginal electorates of Bass and Braddon, Labor delivered hundreds of millions of dollars in funding to projects such as the Blundstone Arena upgrade; the Brighton bypass and transport hub; the Kingston bypass upgrades to the Brooker Highway; trade training centres and GP superclinics; the Huon Valley and south-east Tasmania water schemes; and several of the first rollout sites of Labor's National Broadband Network—that is, the real NBN, not the coalition's second-rate alternative. Under a Labor government, the annual infrastructure spending to Tasmania almost doubled—from $157 per Tasmanian to $264 per Tasmanian. Not only did Labor in government dramatically boost Australia's infrastructure investment, we implemented important reforms to make sure that we got the best value out of all our infrastructure spending.

Infrastructure Australia was established as an independent expert authority to advise the government—and, more importantly, the public—on Australia's infrastructure needs. One of Infrastructure Australia's roles is to evaluate the contribution of proposed infrastructure projects and rank them in order of their contribution to Australia's productivity. An important part of this reform was that Infrastructure Australia's advice be provided to the public. Part of the reason Infrastructure Australia was established with this function was to give the Australian government an incentive to invest in the infrastructure projects that provided the best outcomes for Australians, not the best outcomes for the government's political fortunes.

Unfortunately though, pork-barrelling to marginal electorates has been a longstanding practice of coalition governments—and one of the reasons why we need a national body to
provide independent advice on infrastructure. Our reforms to infrastructure funding were implemented after the Australian National Audit Office released a damning report on the Howard government's Regional Partnerships program. The report said that the program had 'fallen short of an acceptable standard of public administration'. Grants had been provided for projects that had not been properly assessed, that government departments had advised against, and—listen to this—to groups that had not even applied for funding. You did not even have to apply for funding and you got some!

I am pleased that the government has not proceeded with its previous plans to gag Infrastructure Australia and take away its independence and has agreed to the Senate's amendments to its bill. It was completely bizarre that the government guillotined debate on that bill in the House back in December but did not bring it to the Senate until as late as June this year. Perhaps they finally succumbed to pressure from the business community, who supported Labor's call that infrastructure policy actually be made on the basis of what is in the national interest. The attacks by the Abbott government on the independence of Infrastructure Australia were just one part of the story of this government's poor record on infrastructure. The coalition has made various attempts to trumpet its achievements as 'an infrastructure government'—and all of them have fallen flat. After all, this is the government which has scrapped both the Regional Infrastructure Fund and the Regional Development Australia Fund. The government's decision to gut funding for regional Australia has been supported by, strangely, the Nationals, who continue their bizarre charade of pretending to stand up for regional Australia.

The Abbott government has claimed credit for various road and rail projects, worth more than $12 billion, despite these projects already being announced and funded by Labor. A great example of one of the road projects funded by Labor and then re-announced by the coalition is the Huon Highway-Summerleas Road intersection. This particular intersection is in the electorate of Franklin and just a stone's throw from my electorate office in Kingston. I stood at that intersection, with the federal member for Franklin, Julie Collins, in August when Labor announced a $17.5 million commitment to the intersection which had been funded in the 2013-14 federal budget. So I was quite amused to see a contribution from Senator Bushby in the local newspaper, the *Kingborough Chronicle*, in which he announced that the government was funding this project where Labor had 'failed to deliver on it'. Senator Bushby referred to years of inaction by state and federal Labor governments and said that the dangerous intersection was of great concern to him. It is interesting, therefore, that Senator Bushby was strangely silent on the intersection during the federal election. Maybe that is because the coalition failed to match Labor's $17.5 million commitment until February the following year, a full five months after the election, even though the upgrade had already been funded in the previous year's budget.

After failing to commit to this and several other funded infrastructure projects in the south of Tasmania, the Abbott government has now set about re-announcing them as if they were its own. These projects include the Huon Highway-Summerleas Road intersection; upgrades to the Brooker Highway between Elwick Road and Howard Road; and Tasman Highway on and off ramps at the East Derwent Highway intersection. The Abbott Government has still failed to make up the $100 million shortfall in Labor's funding for the Midland Highway. While Labor had provided $500 million funding for upgrades to the highway, the Abbott
government announced that it would provide $400 million for the full duplication of the highway to four lanes. Good luck with that! In reality, this project would cost about $2 billion, whereas $400 million would probably provide duplication as far as Bridgewater to Bagdad. Unfortunately, it took until after the election for the Prime Minister to belatedly admit that $400 million would not provide for full duplication.

As if they have not embarrassed themselves enough in Tasmania, in the last budget the Abbott government triumphantly announced infrastructure spending of more than $40 billion over the next six years. But many of those projects were also recycled Labor commitments. Prior to this budget, Labor had already approved projects worth $35 billion over the next six years, and several of the coalition's new road projects—$5 billion worth—have been funded by ripping money out of rail projects. In fact, by refusing to fund any new rail or other public transport projects, this government is creating a perverse incentive for state and territory governments to divert funding to road projects even if roads do not provide the greatest productivity gain.

This is a double whammy for commuters, who will be faced with fewer public transport options and slabbed another $2 billion to $3 billion with the government's reintroduction of the petrol excise. The budget also rips funding out of public transport concessions. Perhaps the government has a secret agenda of trying to get more transport users on the roads so that they can collect more revenue from the fuel tax hike. If that is not the reason, then I fail to see the logic in determining, as this government has, that roads are the responsibility of the Commonwealth but rail infrastructure is not. I would be willing to bet that most Australians are with me on that one too.

Of course roads are an important part of our transport infrastructure, but so is public transport. In fact, investment in public transport helps reduce traffic congestion, provides a cost-effective alternative for many commuters, and is better for the environment than car transport. But, unfortunately, the Abbott government seem unable to see the bigger picture when it comes to transport infrastructure funding. Unfortunately, they have also gone back to their old practice of pork-barrelling—the old practice that the Howard government engaged in.

According to Fairfax Media analysis, as reported in the Sydney Morning Herald last month, the infrastructure projects that have received new funding favour coalition electorates by a ratio of three to one. The Herald also pointed out that the majority of projects the Abbott government had withdrawn Commonwealth funding from were in non-coalition electorates. The Herald article quotes Monash University Professor of Transport, Graham Currie, who said:

The question is whether they want to be a professional government or they want to pork-barrel, and whether we'll forge the idea of trying to be professional about how we manage resources or just do it on a political basis.
I don't think that's how a country should be run.

So that, in a nutshell, is the Abbott government's record on infrastructure investment so far—pork-barrelling, recycling old projects, attempting to deny proper public assessments of projects and having a bizarre bias against rail projects in favour of roads for no explicable reason. The two bills that are now before the Senate, regretfully, do not improve on this record.
The two bills we are currently debating form part of the Abbott government's infrastructure package announced in the 2014-15 federal budget. The key element of the bills is the Asset Recycling Initiative, which will be used to incentivise the states and territories to invest in new productive infrastructure by privatising existing assets. The Commonwealth will provide a contribution of 15 per cent of the reinvested sale proceeds to the cost of the project. This initiative is still subject to a national partnership agreement.

With these bills, the government are up to their old tricks again—trumpeting the investment they are making in infrastructure when they are actually just redirecting money that is already committed to other things. In the case of the Asset Recycling Fund, the government are doing some recycling of their own—taking $2.4 billion of uncommitted funds from the Building Australia Fund and $3.5 billion of uncommitted funds from the Education Infrastructure Fund—for an initial contribution of $5.9 billion. Like the EIF and the BAF, the Asset Recycling Fund will be managed as part of the Future Fund. Unlike the EIF and the BAF, projects to be funded by the portfolio ministers will not be subject to recommendations by an advisory board as to the merit of the projects. It begs the question: how does the government know that a project is going to be 'productivity enhancing' when it is put forward for a grant or payment? Is it just another case of the government picking winners, like they will with their Emissions Reduction Fund? The more important question is: how does the public know? How can the public have confidence that this fund is actually investing in projects that produce an economic gain for Australia? They have provided no independent mechanism for ensuring the project will actually have productivity gains or for comparing the productivity gains of different proposals.

Labor achieved record investment in infrastructure, and we did so during the largest global economic crisis since the Depression. We also achieved this by funding projects on a 50-50 basis and without the need for state and territory governments to sell public assets. Given Labor's record investments in infrastructure in partnership with the states and territories, we believe that replacing this support with a 15 per cent incentive payment is a backward step. This government is handballing its responsibility for real investment in infrastructure to the states and territories. Wouldn't it be better if the government would help the states to fund their infrastructure priorities regardless of where the funds come from? Why does the government see it as necessary to provide the states with an incentive—or a 'bribe' as it was described by Chris Aulich, Professor of Public Administration at the University of Canberra—to privatise their assets?

We on this side believe that the concept of asset recycling can have merit in some circumstances. For example, in 2007 in my home state of Tasmania, there was a very sensible instance of asset recycling when the Labor government sold the Hobart Airport site and invested the proceeds in the Brighton transport hub, the Royal Hobart Hospital and irrigation projects. However, we want to ensure that the money that is invested in new projects is invested wisely—that Australians get maximum bang for their buck. After all, when state and territory governments privatise their assets they can only sell them once.

Labor will be moving amendments to this bill. The amendments will require, as a precondition for spending Commonwealth funds on the Asset Recycling Initiative: an assessment by Infrastructure Australia of the new infrastructure as 'productivity enhancing', including a published cost-benefit analysis; and tabling of a disallowable instrument for each
privatisation and reinvestment transaction. I hope that the government senators and the crossbenchers will support our amendments to this bill. I am disappointed that the government did not support our amendments in the other place, as it was a good opportunity for them to demonstrate that they support transparency and due diligence. These amendments are about increasing the accountability and transparency of the Asset Recycling Initiative, to ensure that the projects funded through this initiative will genuinely enhance productivity.

Labor believes that Infrastructure Australia, an independent and expert body, is best placed to assess the contribution of new infrastructure projects to Australia's productivity. Strengthening the role of independent expert bodies to ensure good policy outcomes is a core belief of Labor, as distinct from a government that is working to dismantle independent advisory bodies such as the Climate Change Authority, the Immigration Health Advisory Group and others working on positive ageing, social inclusion, animal welfare, Indigenous leadership and a variety of other policy areas. It is vital that infrastructure decisions are made by this government with the national interest in mind, not their own political interests. We do not intend to allow the Asset Recycling Initiative to become a slush fund to allow state and territory governments to pork-barrel to marginal electorates.

These amendments are about taking an evidence based approach to decisions on infrastructure funding. Before the infrastructure minister makes a grant or payment to a state or territory, they must first receive an independent evaluation of the project which confirms that the project will actually have productivity gains. The requirement for the minister to approve grants via a disallowable instrument is to ensure that not only are quality decisions made on infrastructure investments but quality decisions are also made on privatisation of the assets sold to fund them.

Unlike those opposite, Labor is not of the view that all privatisation is necessarily good. These bills are providing the states and territories with an incentive to privatise assets, and the Commonwealth should not be rewarding them for engaging in a fire sale of assets or for selling assets without appropriate regulatory protections. The idea that privatisation is good in all circumstances is Tea Party thinking—the kind of attitude that the ideologues who have taken over the Liberal Party seem to be engaging in more and more. This is a flawed bill, but it can be improved with Labor's amendments, which I hope that the other side will agree to and which I commend to the Senate.

**Senator LUDWIG (Queensland) (13:08):** I rise to speak on the Asset Recycling Fund Bill 2014. Australia's infrastructure is too important to be left to pork-barrelling and the whims of the political cycle, especially the whims of this government. In the committee stage, Labor will seek to pass two amendments. We will look for crossbench support, because it is about ensuring that there is transparency and openness of the process for approving infrastructure projects. All Australians would want that, to ensure that there is scrutiny of those infrastructure projects. The coalition's plan for asset recycling has three major flaws. Firstly, it does not allow for independent scrutiny of the infrastructure projects. Secondly, it distorts the state government's decisions on asset sales, promoting the ill-thought-through selling of assets for short-term gains. Thirdly, it does not guarantee any new money for investment in infrastructure.

Infrastructure spending under Labor rose to record levels. We went from being 20th in the OECD, in terms of spending on infrastructure as a proportion of GDP, to first, under Labor's
watch. Labor lifted funding for infrastructure from about $130 for each Australian to about $220. Labor doubled the roads budget, to $46.6 billion, and upgraded 7,500 kilometres of road. But we also recognise that it is not enough just to increase funding. The money has to be spent on worthwhile infrastructure that will create not only returns for Australians but productivity increases into the future. Labor created Infrastructure Australia to research and rank proposed infrastructure projects based on their potential to add economic productivity. Infrastructure Australia introduced independent advice and the opportunity to add transparency and openness into the process for planning for infrastructure in Australia. Labor also planned for the future. The National Ports Strategy and National Land Freight Strategy meant that informed decisions could be made about infrastructure investment in the context of a broader plan for ports and freight. Infrastructure, without this sort of strategic plan, is just a recipe for expensive white elephants. This government wants to throw up plenty of those.

We on this side of the chamber are proud of Labor's achievement in infrastructure. Indeed, this government seems proud of Labor's achievements too. Almost all of the coalition's announced infrastructure projects are re-announcements of Labor funded projects. Take one example. Take the Bruce Highway. During Senate estimates, we learnt there was no new money. Mr Truss uses the terms 'locked in', 'confirmed', 'affirmed', 'reconfirmed' or 'recommitted', but what he really should say is simply 're-announced'. Labor invested $5.7 billion in the Bruce Highway, dwarfing the $1.3 billion spent by the previous Howard government. For all their rhetoric, under the Howard regime they did not spend on infrastructure. Labor delivered four times the funding in half the time. Labor remains committed to improving the Bruce Highway, fixing up the area that the Howard government failed to act in and this government is also ignoring.

The coalition has failed to follow Labor's lead in investing in important Queensland infrastructure. The Cross River Rail project is a good example of a coalition failure. Infrastructure Australia said the Cross River Rail project was a strategic priority for Australia's infrastructure, and it judged the project as passing the cost-benefit test and ready to proceed. The Liberals have pulled $700 million out of the project. It defies good decision making and shows that this government is focused on pet projects and not projects which can drive productivity or develop infrastructure from the best business case. The federal government already provided the bulk of funding for large infrastructure projects, so this needs to be protected and not raided by this government to pay for the Asset Recycling Fund. This Asset Recycling Fund must provide funds in addition to existing federal commitments. There must be new nation-building projects in road, rail and other nationally significant infrastructure, otherwise it is just recycling in truth.

We know we cannot trust the government on this. We have seen already the twisted priorities of the coalition government—the way they try to hide their cruel cuts to pensioners and ordinary Australians, pretending that taxes are not taxes really and that cuts to education and health are not truly cuts. They use miserable words to describe their short-sightedness, but the country cannot afford those cuts and cannot afford cuts to infrastructure. As a start, they are taking $2.4 billion from the Building Australia Fund and $3.5 billion from the Education Investment Fund for the Asset Recycling Fund. What they effectively are doing is shuffling the money out of one area into another, claiming that it is new money. It is not new money from infrastructure; it is already there.
On top of that, they are also taking cuts from local government which are going to hurt local infrastructure. I know in Queensland lots of local councils are going to be affected. Recently, I visited Councillor Jim Madden of Somerset Regional Council to highlight this fact because they face a stark choice: either they have to raise rates or they have to cut their budget, cut roads spending and cut infrastructure spending. What sort of choice is that? It is not only blame shifting; it is also show cost shifting coming out of a hard budget. The Abbott government has broken its promise to regional Australia. Mr Warren Truss said before the budget:

To ignore regional Australia’s need for investment and growth is to turn our backs on the opportunities for the future.

In just two weeks, the Abbott government have savaged local government by ripping a billion in funding from local government, cutting into the financial assistance grants. Local governments rely on those grants to fund local roads and infrastructure. The government have created an Asset Recycling Fund. They want to gold plate highways but they will end up with broken roads because councils will be starved of funds to meet their obligations in investing in a road network. It is about a road network not about a gold plated highway. If it fails at the last mile, at the shopfront, at the small business or at the home, it is not a road network. These cuts will disproportionately affect rural communities, pushing some of them to the brink. These cruel cuts will mean more roads that go nowhere and bridges to nowhere as real communities suffer. These are contradictory forces at play and it is not surprising when you look at the twisted priorities the government have.

The decision to sell assets needs to be made by the state government after sober analysis. Liberal state governments have been seduced by the short-term incentives of the political cycle to sell assets. The additional 15 per cent proposed by the federal government does skew the incentives of the state governments and encourage sales of assets. It pushes the sale of assets in the short-term interest without looking at the longer term national interest. The federal government needs to play—and it has been absent from the field—a leading role with states the territories to encourage decisions to be made in the national interest. Although asset recycling is not without its merits, in some cases it is not always the answer. The answer for many state-owned assets is better and more transparent management. The erosion of freedom of information under this government and cuts to information-gathering organisations which make proper decision-making possible are working against these outcomes of openness and transparency.

This government hugs the dark. It prefers the shadows. It does not like transparency. Why? Because it does not like the truth about its decisions to be exposed. They are bad decisions by a government which wants to take cruel cuts. It takes cruel cuts to the Australian Bureau of Statistics. These are also quite concerning. This government does not want to know about that state of its books. It does not suit its ideological views. ABS cuts hurt private businesses just as much, especially small business which does not have the resources to forecast or run surveys and the lack of information means that when you remove information from the availability of the pool, where do get decision making? You end up with poor decision making without the charter and all you get is it—cash created by the federal government for the states. The government seems to be wilfully blind to this prospect. That is the kindest I
could say about it. I could say it is deliberately doing it but I think ultimately it is literally blind to the consequences.

We have seen the forecasts and estimates for asset sales and infrastructure projects. Again, they seem to be very overly optimistic. We will get an opportunity in the Senate to hold this government to account on their forecasts. Let us not hear from those on the other side that, 'We didn't quite get that right. Our methodology was flawed. We missed some opportunity.' In this instance they own these figures. An article in the *Oxford Review of Economic Policy* found that 50 per cent of traffic forecasts in infrastructure projects were wrong by at least 20 per cent. If we further reduce the quality of data and research, those estimates are going to get more and more difficult. We need to consider the facts of asset sales and not some ideological driven crusade by those opposite—although they do seem to like Don Quixote.

The Australian Competition and Consumer Commission is warning the government that it needs to be wary of asset sales. Speaking to the Committee for Economic Development of Australia conference, Rod Sims, the chair of the ACCC, warns about privatisation and the perverse incentives present for the state governments. He said:

Short-term gains of maximising the up-front price received by the government is short-term gain increased and encouraged by the federal government and will have long-term costs in reduced competition and higher costs to consumers and damage to Australian businesses.

I think the quote from Mr Sims says it all:

The ACCC is becoming aware of an increasing level of concern among businesses that are most directly affected by the sale of upstream monopoly assets to downstream competitors. The trade-off here is short-sighted and the costs in terms of productivity and investment are likely to be significant

He also said:

Privatising in ways that limit competition in order to maximise the sale proceeds is the wrong way. The government's rush to sell off assets without examining the long-term consequences means that we pay a high price for this asset fire sale, and businesses and ordinary consumers footing the bill will suffer. Instead of investing in infrastructure with a strong business case, the states and federal government are investing in public relations. You do not have to look far to find a good example: the Queensland government has spent $6 million on an advertising campaign instead of investing in the analysis necessary for the business case for asset recycling. Instead of showing the business case for asset sales, they are being offered websites, TV ads and glib one-liners to support why they should sell assets. This shows utter contempt for Queenslanders. If there is a business case, which includes the long-term impacts of asset sales, show it to the people, be transparent about it, demonstrate why it is necessary rather than a one-word slogan.

Labor is seeking, as I indicated earlier, two amendments to improve this bill and increase the transparency and openness of the process of approving infrastructure projects. The first of our amendments allows for the tabling of a disallowable instrument for each privatisation reinvestment transaction so that, if the government is not going to cast light on their projects, then the Senate can have a look at the projects. They can be properly scrutinised by parliament.

Second, our amendments would require projects to be assessed by Infrastructure Australia and be deemed productivity enhancing. That is what infrastructure, building for the future, is
all about: making sure we have got assets that will increase our productivity now and into the future. Projects, including an estimate of the productivity gain from the project, should also be published.

This cost-benefit analysis must include the true cost of these sales. What are the lost revenues to government? What is the effect on competition? What is the effect on consumers? What is the effect on jobs? What is the effect for rural communities? Is the sale just short-term political expediency or is it in the nation's interest?

You have to ask: why is the federal government afraid of these questions? They want to hide scrutiny. They don't want these questions answered, and it leaves a huge question mark about the motives of this government when it turns to asset sales.

The threat to assets is most grave in Queensland. The debt and deficit falsehood set by Canberra has spread to governments like the Newman government but sometimes it gets lost in translation. The Newman government has been witless enough to take up the Abbott government's debt rhetoric at face value. They have promised that asset sales will be used to reduce debts and not to recycle assets. The combined ineptness of the Abbott and Newman governments means Queenslanders will suffer twice. Queenslanders will be paying their taxes to provide a bounty, effectively, to the ideologically driven sale of other state assets while Queensland stock of infrastructure will deteriorate and not be replaced.

The Toowoomba Second Range Crossing Project I have taken a very special interest in—there are many in Queensland, who live on the other side of the range, who also follow this with a passion. I hope that some of the light I have attempted to shine on this project will mean an end to the waste and prevarication from the Abbott government on this project. I am concerned that this three-year project as detailed in their own documents has been pushed out to five years. Every year's delay costs $100 million, but don't take my word for it; take Mr Truss's own figures. These accounting tricks, costs pushed out beyond the budget forward estimates, have real costs for ordinary Australians.

This is infrastructure on the never-never by a government that is using all the tricks in the book to try to achieve a smoke and mirrors on infrastructure.

Senator McEWEN (South Australia—Opposition Whip in the Senate) (13:27): On behalf of Senator Xenophon, I seek leave to incorporate his speech on this bill.

Leave granted.

Senator XENOPHON (South Australia) (13:28): The incorporated speech read as follows—

I take this opportunity to express my serious concerns about the impact and long-term consequences of the privatisation of state assets.

I acknowledge the intent of this bill is to encourage states to invest in infrastructure projects by way of incentive payments from the Commonwealth upon the sale of state assets. I question whether this plan is short sighted and not in the interests of Australia's competition policy.

In June this year Mr Rod Sims, Chairman of the Australian Competition and Consumer Commission expressed concerns that competition has taken a back seat in the recent wave of state-owned asset sales.

He pointed to the ACCC's recent rejection of AGL's application to acquire Macquarie Generation, Australia's largest electricity generator, as an example. In a media release dated 4 March 2014, Mr Sims said:
The proposed acquisition would result in the largest source of generation capacity in NSW being owned by one of the three largest retailers in NSW. Indeed, with this acquisition, the three largest retailers in NSW would own a combined share of 70 to 80 per cent of electricity generation capacity or output. This is likely to raise barriers to entry and expansion for other electricity retailers in NSW and therefore reduce competition compared to the situation if the proposed acquisition does not proceed.

The Australian Competition Tribunal approved AGL’s application to acquire Macquarie Generation’s assets, despite the ACCC’s warnings that ‘the proposed acquisition is likely to mean that consumers will ultimately pay more for electricity, receive lower quality service and be offered less choice.’

Time will tell whether the ACCC’s warnings should have been heeded. Unfortunately it will be consumers who will be the first to feel the pain if the ACCC’s predictions about electricity price rises are correct.

Mr Sims has also stressed that it is vital state governments must be ‘vigilant in setting up competitive structures when they privatise their assets.’ The recent sales of some ports have seen the ACCC receive complaints that these ports have been privatised without appropriate open access regimes.

As a member of the South Australian parliament in the late 1990s, I vehemently opposed the privatisation of the then Electricity Trust of South Australia (ETSA). Not only because it was a broken promise of the then Olsen government but because it was also a bad deal for consumers.

I believe the privatisation of ETSA was structured in such a way as to maximise value of the state’s assets, thereby reducing a greater amount of state debt (a legacy of the former Labor State Government), but by doing so it shifted the burden onto households and businesses with dramatically higher power prices post-privatisation. I received very sound advice back in the late 1990s from Danny Price, then at London Economics, who is now Managing Director of Frontier Economics. He was vilified by the state Liberal government at the time for his modelling and predictions of power price rises with the privatisation model adopted, and sadly his predictions were uncannily accurate. I should add, the accuracy of his modelling and predictions has not changed over the years given his concerns over the carbon tax and the CPRS legislation introduced by the former government.

If all the privatisation is doing is shifting public debt onto households and businesses then it seems to be a foolish and counterproductive exercise.

However, in the event that this bill does pass, I would like to see it passed with material improvements and for that reason I put on notice I support the amendments proposed by the opposition in this regard.

If taxpayer money is being used to encourage the privatisation of state assets, we have a duty to ensure the public—especially, families and small businesses—do not end up footing the bill by way of higher prices.

Senator CORMANN (Western Australia—Minister for Finance) (13:28): I thank all senators who have contributed to this debate, in particular, Senator Conroy, for his very constructive contribution. The Asset Recycling Fund Bill 2014 and consequential amendments establish a new fund as a vehicle for providing financial assistance and incentives to states and territories to invest in infrastructure. A new fund is necessary to support the government's asset recycling initiative, a key initiative, that will encourage the states and territories to sell existing assets and reinvest in new infrastructure that contributes to a more prosperous economy.

Payments from the Asset Recycling Fund will also be used to fund nation-building infrastructure and other National Partnership agreements payments to other bodies will be administered by the Department of Infrastructure and Regional Development and will support important local initiatives such as the Roads to Recovery program in the usual way.
Establishing a new fund to support the government's infrastructure package is sound economic policy. It allows funds being committed now to be invested so that more is available when payments become due. Entrusting the Asset Recycling Fund to the Future Fund Board of Guardians will maximise the growth of assets. The board has a proven track record in managing assets on behalf of the taxpayer. It has grown the Future Fund from around $64 billion in 2006, when the previous government invested budget surpluses into the Future Fund, to over $97 billion by the end of March—in fact, at last count, it had exceeded $100 billion.

The government is committed to the new fund, which will be established with $5.9 billion funded by an amount of uncommitted funds from the Education Investment Fund and the Building Australia Fund that have not been allocated to approved projects. The government will make further contributions following the successful privatisation of Medibank Private; it has also said that it is open to committing proceeds from other future asset sales. Finally, the Asset Recycling Fund is an essential element of the government's infrastructure package announced in the 2014-15 budget to support economic growth. I recommend that it be supported by the Senate.

Question agreed to.

Bills read a second time.

In Committee

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

Senator CORMANN (Western Australia—Minister for Finance) (13:31): I table a supplementary explanatory memorandum relating to the government amendments to be moved to the Asset Recycling Fund Bill 2014.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (13:31): I have a suggestion that may assist our progress. Given that the opposition is supporting all of the government's amendments, I am offering the minister the opportunity to move them together. I am not sure if the Greens have an alternative view, but I am offering that opportunity.

Senator LUDLAM (Western Australia) (13:31): In speaking on behalf of the Australian Greens, I am happy, Senator Cormann, if you want to move government amendments en bloc. The Greens will be supporting them all.

Senator CORMANN (Western Australia—Minister for Finance) (13:31): by leave—I move government amendments (1) to (20) on sheet HT101:

(1) Clause 2, page 1 (line 9), omit "1 July 2014", substitute "the day after this Act receives the Royal Assent".


(4) Clause 8, page 9 (line 1), omit "appropriate", substitute "permissible".

(5) Clause 8, page 9 (line 3), omit "powers", substitute "power".

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CHAMBER
(6) Clause 12, page 11 (lines 10 to 12), omit "Special Account for the purposes of the Financial Management and Accountability Act 1997", substitute "special account for the purposes of the Public Governance, Performance and Accountability Act 2013".

(7) Clause 12, page 11 (lines 13 to 17), omit "Special Account" (wherever occurring), substitute "special account".

(8) Clause 13, page 12 (line 5), omit "On the commencement of this section", substitute "At the start of the 28th day after this section commences".

(9) Clause 13, page 12 (line 17), omit "On the commencement of this section", substitute "At the start of the 28th day after this section commences".

(10) Clause 16, page 15 (lines 16 and 17), omit the note, substitute:
Note: See section 80 of the Public Governance, Performance and Accountability Act 2013 (which deals with special accounts).

(11) Clause 17, page 17 (lines 13 and 14), omit the note, substitute:
Note: See section 80 of the Public Governance, Performance and Accountability Act 2013 (which deals with special accounts).

(12) Clause 21, page 19 (line 22), at the end of subclause (2), add "The State or Territory must comply with any such terms and conditions.".

(13) Clause 22, page 20 (lines 2 and 3), omit "Special Account for the purposes of the Financial Management and Accountability Act 1997", substitute "special account for the purposes of the Public Governance, Performance and Accountability Act 2013".

(14) Clause 22, page 20 (lines 4 to 8), omit "Special Account" (wherever occurring), substitute "special account".

(15) Clause 23, page 20 (lines 14 and 15), omit the note, substitute:
Note: See section 80 of the Public Governance, Performance and Accountability Act 2013 (which deals with special accounts).

(16) Clause 27, page 22 (line 12), at the end of subclause (2), add "The person must comply with any such terms and conditions.".

(17) Clause 28, page 22 (line 26), at the end of subclause (2), add "The person must comply with any such terms and conditions.".

(18) Clause 34, page 26 (line 23), omit "On the day that this section commences", substitute "On the 28th day after this section commences".

(19) Clause 34, page 27 (line 14), omit "On the day that this section commences", substitute "On the 28th day after this section commences".

(20) Clause 35, page 28 (lines 17 and 18), omit "Section 39 of the Financial Management and Accountability Act 1997", substitute "Section 58 of the Public Governance, Performance and Accountability Act 2013 (which deals with investment by the Commonwealth)".

We also oppose clause 47 in the following terms:

(21) Clause 47, page 36 (lines 26 to 28), to be opposed.

The Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014 establish a new fund as a vehicle for providing financial assistance and incentives to states and territories to invest in infrastructure. The new fund is necessary, as I have just said in my summing up speech, to support the government's asset recycling initiatives. The amendments being introduced by the government are primarily a necessary consequence of delays to the passage of the bill through parliament. Amendment (1) revises
the commencement date from 1 July 2014 to the day after the bill receives royal assent. This will ensure that the parliament does not pass legislation that has retrospective effect.

Amendments (2), (3), (6), (7), (10), (11), (13) to (15), (20) and (21) are minor amendments taking into account that the Public Governance, Performance and Accountability Act 2013 took effect on 1 July. Amendments (4) and (5) clarify the Commonwealth can only make payments where it is permissible to do so under its executive power. These amendments provide clarity on what the government has the power to do under the Constitution. They ensure that this government and future governments cannot do anything under the bill that is inconsistent with this power. Amendments (8), (9), (18) and (19) ensure the Future Fund board of guardians has sufficient time to transfer $5.9 billion of uncommitted balances from the Education Investment Fund and the Building Australia Fund to the Asset Recycling Fund. Amendments (12), (16) and (17) ensure that the recipients of incentives and contributions towards large-scale infrastructure, including states and territories, are bound by the terms and conditions of the agreements under which funding is provided. The amendments strengthen accountability requirements that provide taxpayers with further confidence that funding is used for purposes allowed under the proposed legislation.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (13:33): Labor do not oppose these amendments. These amendments are just dates of effect, correcting new legislation and make miscellaneous minor amendments to the bill. Once again, we note the government is being forced to amend its own bill.

Senator LUDLAM (Western Australia) (13:33): There is always a sting in the tail, isn't there? If the bill had been properly drafted in the first place, we would not be here. Nonetheless, as far as the Australian Greens are concerned, while opposing the entire intent of the bill and the thinking that underlies it, these amendments are technical and largely administrative in nature. I think Senator Cormann has reflected accurately their intent and the Greens will not be opposing them.

The TEMPORARY CHAIRMAN (Senator Smith): Before putting the question, I advise that amendments (1) to (20) will be put and then amendment (21) will need to be put separately. The question is that amendments (1) to (20) moved by Senator Cormann be agreed.

Question agreed to.

The TEMPORARY CHAIRMAN: The question now is that amendment (21) moved by Senator Cormann be dealt with. The question is that clause 47 stand as printed.

Question negatived.

 Senator KIM CARR (Victoria) (13:35): by leave—I move opposition amendments (1) to (5) and (14) to (16) on sheet 7486:

(1) Clause 4, page 4 (lines 16 to 18), omit the definition of Education Investment Fund.

(2) Clause 4, page 4 (lines 19 to 21), omit the definition of Education Investment Fund Special Account.

(3) Heading to subclause 13(1), page 12 (line 4), omit the heading.

(4) Clause 13, page 12 (line 5), omit "(1)".

(5) Clause 13, page 12 (line 14), omit "subsection 34(1)", substitute "section 34".
(14) Heading to subclause 34(1), page 26 (line 19), omit the heading.
(15) Clause 34, page 26 (line 21), omit "subsection 13(1)", substitute "section 13".
(16) Clause 34, page 26 (line 26), omit "subsection 13(1)", substitute "section 13".

We also oppose clauses 13 and 34 in the following terms:

(6) Clause 13, page 12 (lines 16 to 28), subclause (2), to be opposed.
(17) Clause 34, page 27 (lines 10 to 31), subclauses (4) to (6), to be opposed.

The focus of my remarks is around the issue of the somewhat ill-advised proposal to abolish the Education Investment Fund. I find it an extraordinary proposition that the government is seeking to do this, given the claims about the Prime Minister's obsession with infrastructure. We would all surely agree that infrastructure is critical to securing the future of the nation, but I would have thought that infrastructure would also include investments in our science and research and at our teaching facilities at our universities, at the CSIRO and TAFE colleges.

This proposition goes to the very heart of that. These institutions, of course, are where we find the new technologies that we need to ensure that we are able to generate the economic and social benefits not just now but well into the future. That depends upon the capacity of the Commonwealth to invest. The abolition of this fund would prevent that. I am very surprised that the government should try to slip this through as being part of the arrangements for this bill. Upon reflection, I can nonetheless understand, given the government's deep antipathy to higher education. It is in that context, I suppose, that it fits with the government's mentality when it comes to the removal of the Education Investment Fund. It is another broken promise.

This is exactly the opposite to what the Liberal Party said during the last election. Senator Mason was quoted in The Australian newspaper before the election as saying:

We would seek to reinvest and rebuild EIF back to its former state wants the budget is back in surplus. This is a nation-building fund and the coalition intends to restore it as such.

Of course, this could be nothing further from the truth in terms of what has actually happened with the proposal contained in this bill. I would have thought that we would have heard more from the Liberal Party itself about this act of blatant vandalism towards the higher education system in this country. I have enormous regard for Senator Mason. I think it is a great tragedy that he is not engaged in the higher education sector in this government. Of course, the obvious point that is so often made in political comedy or farce is that as soon as you actually know something about a particular field it is not surprising that governments seek to move politicians out of that field. Senator Mason certainly fits that category.

The opposition amendments provide the opportunity for this chamber to reconsider this very, very rash decision. The amendments would save the Education Investment Fund. Our amendments do so because the Education Investment Fund provides the funding for the very projects that we need to develop the infrastructure in higher education research and vocational education. If the government succeeds in abolishing the fund, serious questions must be raised about its long-term commitment to investment in these areas. It is clear that the Asset Recycling Fund will not be available for investments in those areas. Is a perverse outcome, because 59 per cent of the funding for the Asset Recycling Fund comes from education. What an extraordinary proposition: research infrastructure which is so vital to the future economic and social health of this nation is being used to fund privatisation of assets.
I note the Australian Technology Network, the group that involves a number of very respected institutions—QUT; RMIT University, in my home state of Victoria; the University of Technology, Sydney; the University of South Australia; Curtin University—has raised concerns. In their submission to the Senate inquiry into the bills they state:

The ATN is concerned about the continuation of research infrastructure funding from 2015 and the lack of guidance in the Bill as to how future research related infrastructure projects will be prioritised for funding via the ARF.

The Australian Technology Network of universities went on to say that the coalition election policy stated that the coalition was in the business of:

… building a world-class Education and Research sector

This bill could be nothing further from that. It notes the statement in which the coalition government pledged that it would:

… encourage modernisation and the development of world-class Education and Research capabilities and support the use of new technologies, particularly digital and IT.

This bill could be nothing further from that. This government attacking the agencies that could deliver on such an election commitment, such as Australian universities, CSIRO, and NICTA. This is exactly the sort of thing I suppose we could relate back to what the Prime Minister said when he said that we 'should judge him on his performance'. His performance in this matter is abysmal. The ATN also noted:

The provision of modern research capabilities comes at a cost. To date 71 infrastructure projects have been funded by EIF to the sum of $2.4 billion. This included $643m in funding for pure research infrastructure …

The ATN submission also raise concerns about the removal of the remaining research funding mechanisms:

Therefore following the removal of EIF the remaining research funding mechanisms, including research block grant funding, are not sufficient to create world class research infrastructure.

It strikes me that this is a pretty fair point. You take this money away and what are we going to use to fund the necessary research infrastructure in this country? How are we going to be able to fund the work that CSIRO does in terms of research infrastructure, the work of the universities, the work of the other science agencies?

I might emphasise that I have got a bit of an interest in this matter, because when I was the minister the fund operation placed particular importance on proper administration by an independent board. It was not a pork-barrelling exercise, as we have seen with this government in its attempt to use Australian Research Council funding. It was not done in any way other than on a competitive basis—on the basis of an evaluation of projects under very rigorous criteria. There were over four funding rounds and 71 projects were supported. They were projects on university campuses, TAFE campuses—projects supporting major scientific infrastructure. They were projects like these: the Science and Engineering Precinct in Ballarat, now at the Federation University; the Science Place for northern Queensland at James Cook University; the Indian Ocean Marine Research Centre at the University of Western Australia; the University of Tasmania Institute for Marine and Antarctic Studies; the University of Adelaide's Institute for Photonics and Advanced Sensing; the Latrobe Rural Health School in Bendigo; the University of Western Sydney Centre for Climate Change and Energy Research.
I note that on Tuesday—and this is a particular irony—the Minister for Industry was at Mount Stromlo launching another project that was funded through this fund. The project is, of course, the Advanced Instrumentation and Technology Centre. And I will seek leave to table the minister's press statement from Tuesday because it will highlight the sorts of infrastructure projects that are funded by this government which, of course—I must say that the minister was at least gracious enough to acknowledge that the funding had actually been provided by a Labor government.

Senator Conroy: By you.

Senator KIM CARR: I won't be so crass, Senator!

Senator Conroy: That is a first!

Senator KIM CARR: But I will suggest that it is quite unusual for this government to acknowledge the work that we did in regard to the provision of basic infrastructure and, particularly, in regard to the importance of the universities and scientific agencies. I quote from the media release:

Australian scientists have snared two world-leading contracts to make astronomical instruments which will further consolidate Australia’s reputation for global innovation, Minister for Industry Ian Macfarlane said today. The Australian National University’s Advanced Instrumentation and Technology Centre at Mount Stromlo has been contracted to design one of the first instruments for the Giant Magellan Telescope (GMT), a super-giant earth-based telescope being built in Chile that is set to revolutionise our view and understanding of the universe.

I understand the minister is happy for me to table that press release.

The TEMPORARY CHAIRMAN (Senator Smith): Is leave granted for Senator Carr?

Leave granted.

Senator KIM CARR: I do that because it might help the minister understand the importance of these issues of which his colleagues obviously do appreciate. But it has not sunk in. This very principle of the importance of universities in Australia winning major contracts and providing the central thrust for our science and research effort in this country has just not registered. At the same time, of course, this is a government that the very next day seeks to debate in this chamber a proposal to abolish the fund that actually ensures that these sorts of projects go ahead.

Of course, it is not just the universities that will suffer. The Education Investment Fund has been a great benefit to the CSIRO. That may well be a problem for this government given the hostility this government has shown to the CSIRO. It may well be that this is yet another one of its cunning plans to do great damage to our scientific infrastructure. It was the fund that we used to actually provide the new deep-sea research vessel, the Southern Surveyor. Without EIF, this nation would be left without the capacity to carry out our marine and ocean research—our blue-water research capacity.

The minister has appointed a working party to look at this. There have simply been no answers to the way in which we can ensure future funding arrangements, unless there is provision made—you actually have to do something and not just have good intentions or just make an assertion that you are interested when all of the evidence and all of the facts point to exactly the opposite.
The last budget that this government brought down highlighted its intentions. It was where it put its actions on the line rather than its statements. We saw during the election campaign that commitments were being made which are clearly being breached. This is yet another example of the way in which commitments that this country so desperately needs—to ensure that our universities are able to sustain their capabilities and to ensure that our universities are not placed in the position that they cannot provide the capabilities that we need to ensure the prosperity for this country—are being breached.

I know that the real opportunity for the government here is to allow this bill to go through in its full, which will in turn lead to the universities having to undertake even more drastic actions in regard to the privatisation of their efforts. The consequences are simple: this is a country that will be poorer as a result of this government's policy positions. That is why it is so critical for us in this Senate to weigh up carefully what is being said to us by this government, to reject the proposals that the government is making and to support the amendments. Because, without systematic and sustained funding in our research infrastructure, this nation will not be able to prosper and Australia will not be able to attract the very best and very brightest in the world. That is what we are doing with the investments that we are making in terms of our long-term commitment to research into commercialisation of research.

The abolition of the Education Investment Fund is an ill-considered decision by a government that does not understand the consequences of treating the research community in this way. You simply cannot treat the research community in a way of just turning on and off the tap of government support. That is why these amendments are being moved. This government's proposal is a demonstration of a wilful neglect to the fundamental principle of being able to provide this country with the necessity of ensuring that our universities, our scientific agencies and our TAFE colleges have the funding support they need to be able to provide the basic infrastructure they need to be able to ensure that this country is able to maintain its prosperity. I urge all senators to support these amendments.
The EIF is one of three nation-building funds, along with the Building Australia Fund and the Health and Hospitals Fund. It was established to build a modern, productive and internationally competitive Australian economy by supporting world-leading, strategically focused, infrastructure investments that will transform Australian tertiary education and research. What part of that statement is offensive to the Liberals and the Nationals? How could you conceivably come in here and gut funding for something that had that as its intention? How can you then front press conferences day after day talking about innovation, economic growth and strength and staying at the forefront? What century is it that you are try to keep us in?

As a result of the Commission of Audit on the future use of nation-building funds—and I guess without too much surprise: you commission these reports and they will give you what you expect in large part—the government announced that the EIF would be axed, that no further funding rounds would be held and existing projects would continue to be funded, but basically it turned off the funding tap for such an important fund.

One of the reasons that the Greens are strongly in support of the amendments and strongly defend the EIF is the kinds of projects and work it has been funding. When you look at those you realise exactly why it is that the coalition loathes it so much. The EIF supports clean energy research infrastructure. It provided $4 million to the University of Queensland to build research infrastructure to support the AGL Energy Photovoltaic Solar Flagship. There we go! That starts to give us a bit of an idea of why the coalition might hate it. It has the words ‘energy efficiency’ in it, it has the word ‘solar’ in it, therefore wipe it out. The EIF regional priorities round funded 10 projects, including Creative Futures Tasmania and advanced design and engineering training in Victoria. Round 3 included the EIF sustainability around. Oh, another word that the coalition cannot abide! Anything with the word ‘sustainability’ in it is being abolished as well. Nineteen projects were approved for funding across tertiary education and research sectors, including the advanced manufacturing centre at Swinburne University and the Indian Ocean Marine research Centre at the University of Western Australia. Why would we need people to be researching oceanography? Get rid of that. Central Tech Green Skills Training Centre at Central TAFE in WA? Yes, absolutely—the word ‘green’ is in that one. The University of Wollongong’s Retrofitting for Resilient and Sustainable Buildings? Obviously that is the kind of thing that the Liberal and National parties hate. The Greens strongly support these Labor amendments and commend them to the chamber.

Senator CORMANN (Western Australia—Minister for Finance) (13:55): On behalf of the government I indicate to the chamber that we will not be supporting these amendments. These amendments seek to prevent the government from transferring, as Senator Leyonhjelm indicated, $3.5 billion in uncommitted funds from the Education Investment Fund to the Asset Recycling Fund. Without the proposed transfer from the Education Investment Fund, the Asset Recycling Fund will not be viable for the purposes for which it is being established. The proposed transfer, as I have indicated, relates only to uncommitted funds in the Education Investment Fund—that is, amounts for which no projects have been either approved or identified. The government will meet commitments to projects already previously approved for funding from the Education Investment Fund, including those approved by the previous
government. These projects will not be affected by the transfer of uncommitted amounts to the Asset Recycling Fund.

The TEMPORARY CHAIRMAN (Senator Smith): The question is that amendments (1) to (5) and (14) to (16) be agreed to.

The Committee divided. [14:01]

(The Chairman—Senator Marshall)

Ayes .................35
Noes .................32
Majority ............3

AYES

Bilyk, CL (teller)          Bullock, J.W.
Cameron, DN               Carr, KJ
Collins, JMA               Conroy, SM
Dastyari, S                Di Natale, R
Faulkner, J                Hanson-Young, SC
Ketter, CR                 Lambie, J
Lazarus, GP                Ludlam, S
Ludwig, JW                 Lundy, KA
Marshall, GM               MeEwen, A
McLucas, J                 Milne, C
Moore, CM                  Muir, R
O’Neill, DM                Peris, N
Polley, H                  Rhiannon, L
Rice, J                    Siewert, R
Singh, LM                  Sterle, G
Urquhart, AE               Wang, Z
Waters, LJ                 Whish-Wilson, PS
Wright, PL

NOES

Abetz, E                   Back, CJ
Birmingham, SJ             Brandis, GH
Bushby, DC                 Canavan, M.J.
Cash, MC                   Colbeck, R
Cormann, M                 Day, R.J.
Edwards, S                 Fawcett, DJ
Fierravanti-Wells, C       Fifield, MP
Heffernan, W               Johnston, D
Leyonhjelm, DE             Macdonald, ID
McGrath, J                 McKenzie, B
Nash, F                    O’Sullivan, B (teller)
Parry, S                   Payne, MA
Reynolds, L                Ruston, A
Ryan, SM                   Scullion, NG
Seselja, Z                 Sinodinos, A
Smith, D                   Williams, JR
Question agreed to.
Progress reported.

STATEMENT BY THE PRESIDENT
Clerk of the Senate

The PRESIDENT (14:05): Honourable senators, there have been numerous media reports and commentary on the role of the Clerk and officers of the Department of the Senate in recent days. In consultation with the Clerk we have particularly chosen not to enter the debate for a variety of reasons. As this is the last opportunity prior to the Senate rising for the recess where all senators are present, I consider it important to state the following. I have full confidence in the Clerk of the Senate and her officers. All Senate staff serve the Senate in an entirely professional and impartial way and I reject any claims to the contrary.

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:08): I seek leave to make a 30-second statement.

The PRESIDENT: Leave is granted.

Senator ABETZ: I repeat on the record, and formally, what I said to the Clerk informally this morning. Government senators have full confidence in the professionalism of the Clerk and her staff, and are immensely appreciative of their service to us.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:06): I seek leave to make a short statement.

The PRESIDENT: Leave is granted.

Senator WONG: I, too, wish to endorse, on behalf of all opposition senators, your comments and the comments of the Leader of the Government in the Senate. As I have said publicly, and I will state again, the Clerk of the Senate, Dr Laing, and her colleagues—and, in fact, all her predecessors—have served this chamber with professionalism, integrity and impartiality, and they do Australia a great service in the work they do.

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:07): by leave—Mr President, I join with the remarks that you have made and I endorse the remarks that Senator Abetz and Senator Wong have just made. Firstly, I want to express my thanks on behalf of the Australian Greens to Dr Laing and her staff, and all the Senate staff, for the way in which they support us in the job that we do. We have found them to be professional, impartial and helpful. They go out of their way to be of assistance, and I want to express our full confidence.

Senator MADIGAN (Victoria) (14:08): by leave—I wish to concur with the words that have been spoken. I believe the vast majority in this place will concur with these words: their impartiality, their professionalism and their integrity is unquestioned.

Senator LEYONHJELM (New South Wales) (14:08): by leave—Mr President, on behalf of Senator Day and myself, we endorse your comments regarding the Clerk of the Senate. We have found the Senate staff to be delightful to work with. The class of 2013 would be even bigger bumbling fools than we are but for the Clerk and her staff.
QUESTIONS WITHOUT NOTICE

Budget

Senator McEWEN (South Australia—Opposition Whip in the Senate) (14:08): My question is to the Minister representing the Minister for Health, Senator Nash. I refer to correspondence from Dr Fergus Whitehead, the chief executive officer of Adelaide Pathology Partners laboratory, on the $7 GP tax. Is Dr Whitehead correct when he says that the imposition of a $7 GP tax will result in added costs for pathology laboratories, given additional staff will be required to collect the tax in collection centres? Can the minister confirm that pathology laboratories will be required to send additional $7 accounts to patients?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:09): No, I cannot confirm that statement, because we will not be aware which clinicians will be charging a co-payment until the scheme starts. This government has been very clear in making sure that the Australian people know exactly why the changes to the budget took place. The changes to the budget took place because of the previous government's economic mismanagement. The budget mess that they left us meant that we had to make some tough decisions in the budget. It was under the previous finance minister that we saw net debt treble from $42 billion to $153 billion. Perhaps if the previous finance—

The PRESIDENT: Pause the clock. Senator Moore, a point of order.

Senator Moore: Thank you, Mr President. My point of order, surprisingly, is on direct relevance. The specific question is about the cost of the additional $7 GP tax to pathology laboratories and the requirement to send additional $7 accounts to patients. I would ask you to draw that to the attention of the minister.

The PRESIDENT: Thank you, Senator Moore. The minister has just over one minute left to answer the question. I draw the minister's attention to the question.

Senator NASH: Thank you very much, Mr President. I answered it directly. I said I could not confirm it. We did not know what the processes would be; therefore, we would not know what the costs would be to the pathology labs. I was very clear. I was also very clear in stating to the chamber exactly why the budget contained tough decisions. It was because—

The PRESIDENT: Pause the clock.

Honourable senators interjecting—

The PRESIDENT: I will not call Senator Moore until there is silence. Senator Moore, a point of order.

Senator Moore: Mr President, there were two parts to the question. The second part is about the additional $7 accounts being sent to patients. The minister has not addressed that part of the question at all.

The PRESIDENT: The minister can address the question, and she has indicated in her previous response to a point of order that she did address the question. The minister can get to the second part of the question in her own time.

Senator NASH: Thank you, Mr President. And, indeed, I answered it. We will not be able to determine what costs will be passed on until we determine whether or not a co-payment
will be charged. It is very clear. I was indicating to the chamber that if it had not been for things like, under the previous finance minister, spending $34 million buying water from Tandou Station, which was supplementary water that actually does not exist except in a flood—it was the previous government's mismanagement that led to a tough budget.

Senator McEWEN (South Australia—Opposition Whip in the Senate) (14:12): Mr President, I ask a supplementary question. I refer again to the $7 GP tax and comments by Dr Whitehead, who says, 'The introduction of a co-payment for bulk-billed pathology services, which is the majority of our revenue, may mean the end of our business and the loss of 300 jobs in South Australia.' Will the introduction of a $7 GP tax cut services and cost jobs, Minister?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:13): In answer to the question, the fellow is entitled to his views—Dr Whitehead is entitled to his views. We have been very clear: there have been some changes to the budget when it comes to health. There has been a requirement for a co-payment—indeed, supported by the shadow Assistant Treasurer and initially supported by the previous leader of the Labor Party and previous Prime Minister Bob Hawke. So we have been very clear. We have made these decisions because it is this government that is going to ensure a sustainable health system. When we are looking at potentially spending $34 billion on the MBS, this government is the one that recognises that we need to make the responsible decisions to have a sustainable health system.

Senator McEWEN (South Australia—Opposition Whip in the Senate) (14:14): Mr President, I ask a further supplementary question. Minister, given that Adelaide Pathology Partners is also responsible for the majority of cancer diagnoses in South Australia, won't the imposition of a $7 GP tax erode the quality of health care for South Australians as well as threaten 300 South Australian jobs?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:14): It would be useful if those opposite did not run to scare campaigns. Indeed, it was the previous Prime Minister, Bob Hawke, and I will just quote—

Opposition senators interjecting—

The PRESIDENT: Order! Pause the clock. Minister Nash you have the call.

Senator NASH: I quote from the previous Prime Minister:

Is anyone seriously suggesting that, in the circumstance you're talking about, where there is the possibility of breast cancer, that is going to stop them going to the doctor? I mean, that is emotionalism being played at the lowest level.

That is what we have seen from those opposite. This government has been very clear. The best thing we can do for this nation is ensure a sustainable health system into the future. That is what we are going to do, because it is this government that recognises the responsible decisions have to be made to ensure that sustainable health system.

DISTINGUISHED VISITORS

The PRESIDENT (14:15): Order! I draw the attention of honourable senators to the presence in the chamber of the President of the New South Wales Legislative Council, the Hon. Don Harwin, MLC. On behalf of all honourable senators, I wish you a warm welcome to
the Senate. With the concurrence of honourable senators, I invite President Harwin to take a seat on the floor of the Senate.

Honourable senators: Hear, hear!

Mr Harwin was seated accordingly.

The PRESIDENT: I trust that senators will be suitably behaved during this time.

QUESTIONS WITHOUT NOTICE

Budget

Senator CANAVAN (Queensland) (14:16): My question is to the Leader of the Government in the Senate, Senator Abetz. Can the minister advise the Senate of the size and scope of Australia's budget problems?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:16): Can I congratulate Senator Canavan on his question and acknowledge his strong—

Senator Kim Carr interjecting—

The PRESIDENT: Order! Pause the clock. Senator Carr!

Senator ABETZ: Let us just cut to the chase. Labor is in deficit and debt denial. They know there is a budget problem. Do you know why they know there is a budget problem? It is because they created it. When they came to office in 2007, the budget was $20 billion in surplus and Australia had $50,000 million in the bank. In just six years Labor destroyed that golden legacy. They did it by spending more than they earned, wasting billions on pink batts and overpriced school halls. The Labor Party seems to have no appreciation of how much $1 billion is. Let me put it this way: a million seconds is about 11 days; a billion seconds is more than 31 years. A billion is a very big number indeed. Labor left behind projected deficits of $123 billion and projected debts of $667 billion. Let me tell you, if you converted that into seconds, it would be more than 21,000 years. The Labor Party might laugh about this but it is no joke. Government debt means higher pressure on the cost of living. Government debt means fewer jobs. Government debt means less money for services that the Australian people need. Debt means every single Australian suffers and that is why we as a government are seeking to reverse the position to ensure that there is a secure and sustainable future for our fellow Australians.

Senator CANAVAN (Queensland) (14:18): Mr President, I ask a supplementary question. Is the minister aware of any statements by key Labor Party figures that Australia needs to repair its budget?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:19): As it happens, Senator Canavan, yes, I am aware of some of those statements. For example, 'Wayne Swan told me that the fiscal situation is ruinous.' Those were the words spoken by former Labor Minister Bob Carr, a fellow that used to sit in this chamber until very recently.

Senator Conroy: That is the best you've got?

Senator ABETZ: Senator Conroy interjects that that is the best I've got. If 'ruinous' is not bad enough, Shadow Treasurer Chris Bowen said:
I certainly agree that there are long-term structural issues in the budget, absolutely.
That was only yesterday. Recognising the problems, what are they prepared to do about it?
Do you know what they prepared to do about these structural problems that they now recognise? It is to vote down every savings measure that they recommended in their last budget. That is the height of the irresponsibility of Labor under Mr Shorten—(Time expired).

**Senator CANAVAN** (Queensland) (14:20): Mr President, I ask a further supplementary question. Will the minister confirm that it is the government's position that repairing the budget is both essential and urgent?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:20): I can confirm to Senator Canavan and the Australian people that the task of fixing the budget is both essential and urgent. I say to the Senate that Australia does have a budget situation that needs to be fixed. If it is not fixed, we will end up like much of Europe—sliding into genteel poverty and regretting that we did not act when it was easier to do so. We know that it is not easy now, but we know that it is essential and it will be a lot harder in the future. The Senate has a choice. Each individual senator has a choice. You can either be part of the problem or part of the solution. You can either be a fiscal destroyer or a fiscal repairer. We can either build a better future for our fellow Australians or continue down the destructive path left us by Labor. (Time expired).

**Employment**

**Senator URQUHART** (Tasmania—Deputy Opposition Whip in the Senate) (14:21): My question is to the Minister for Employment, Senator Abetz. In the past fortnight, it has been announced that two mines have closed on the west coast of Tasmania. Two hundred jobs were gone overnight with 150 jobs to go next year. Why is it that the junior Assistant Minister for Employment, earlier this month, announced a $500,000 jobs initiative for Geelong and reinstated its local employment coordinator, but the senior Tasmanian Minister for Employment cannot do the same for the north-west coast and the west coast of Tasmania?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:22): Unlike the honourable senator, I will not engage in crass politics—

_Opposition senators interjecting—_

**The PRESIDENT:** Order on my left!

**Senator ABETZ:** on the back of the loss of 200 jobs on the west coast of Tasmania. If the honourable senator was genuinely concerned about the mining industry and jobs in the mining industry, she would have ensured the demise of the carbon tax a lot earlier than today.

Mr President, as you well know, coming from that region yourself, the state government quite rightly has developed a task force to look into the best possible way to deal with the situation on the west coast. We can undertake the Labor method. The Labor method is: see a problem, throw a bucket of money over it and walk away without any responsibility, and simply say—

_Senator Ian Macdonald interjecting—_
Senator ABETZ: You are right, Senator Macdonald: borrow the money to throw over the problem, and then walk away and somehow say, 'We've lived up to our moral obligation.'

We as a government will take a very considered approach as to how best to help the west coast community of our home state. In relation to the workers: as I understand, a lot of them, in fact, live in Burnie and the north-west coast, driving in and out. There are also many workers that live in Queenstown, but they do have—

The President: Pause the clock.

Senator Moore: Mr President, I rise on a point of order. I thought that, with that time, the minister might have got to my question, but he didn't. So my point of order is on direct relevance. The question was specifically about the extra money and the LEC—the local employment coordinator—position. The senator asked particularly whether that particular process could be put in place, and the minister has not referred to that.

The President: The minister was also asked about his involvement in the issue, and the minister has been answering the question.

Senator ABETZ: The situation on the west coast was clearly referred to, with the loss of the 200 jobs, and I was addressing—

Senator Wong interjecting—

Senator ABETZ: how we, as a coordinated force between the government in Hobart and the government in Canberra were going to address the situation.

Senator Wong interjecting—

Senator ABETZ: Senator Wong continues with her relentless interjections, yet had the audacity this morning to seek to raise a point of order against one of my colleagues. The duplicity of this— (Time expired)

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:24): Mr President, I ask a supplementary question. I refer to the government's inadequate response to these job losses. In the minister's joint press release with the Liberal member for Braddon, Mr Brett Whiteley, they simply recommend that workers contact Centrelink. Given that the workers at Mount Lyell have been off work on half-pay for around six months, is 'contact Centrelink' the best that the employment minister and Mr Whiteley can do?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:25): Can I say to the honourable senator: it is very bad form to quote your own media release that had that falsehood in it, claiming that the excellent member for Braddon had only suggested that people should be contacting Centrelink. The member for Braddon did a lot more, is doing a lot more, and has put to shame the pathetic efforts of the Labor Party who think that by issuing a media release they can just somehow overcome the situation—a media release which, might I add, suggested throwing, I think, $20 million at the situation, with projects that had not been through due diligence, projects that had not been considered as to their value for money—and, indeed, wanted to steal money from Peter to pay Paul that would have cost other Tasmanian jobs. The height of— (Time expired)

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:26): Mr President, I ask a further supplementary question. The Liberal member for Braddon has also
said that the Premier should raise west coast employment at the Prime Minister's joint Commonwealth and Tasmanian council. Minister, what immediate support will the Prime Minister's council deliver to these west coast workers?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:26): Mr President, the council is about to meet later this month, and I am not going to pre-empt what the council might determine, because we actually want this council not to be the sort of ventriloquist doll of the government, like the Labor Party used to set up their task forces. We actually want this task force to talk to us, to tell us what the best way forward is for the Tasmanian economy. I can understand that Senator Urquhart believes that that is the way you do business. The people of Australia, and, in particular, Tasmania, voted for a change of government because they wanted a different style of government: a government that listened to the people, to get rid of the carbon tax, to get rid of the mining tax, to destroy that ridiculous forestry agreement—all those things that you, Senator Urquhart, championed, and the people of Tasmania rejected by electing Brett Whitely to the seat of Braddon. (Time expired)

Asylum Seekers

Senator HANSON-YOUNG (South Australia) (14:27): My question is to the minister representing the immigration minister, Senator Cash. Considering that the Abbott government is currently holding 153 asylum seekers, including dozens of children, against their will at a secret location in the Indian Ocean, will the government answer a simple question about the welfare of those on board: how many nappies, Minister, if any, and what clean clothes have been taken to the vessel for the children detained?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:28): As I have stated previously, the matter is currently before the High Court, and, accordingly, it would not be appropriate to comment any further on the matter. I can, however, reiterate the words of the minister, who has stated that any person who is in the care and protection of the Australian Customs and Border Protection Service will be in good care, and they are in good care.

I would also make this point, however: as Senator Hanson-Young raises the issue of the children, I will just remind the senator and those opposite that, in 2007, when the Howard government lost office, there were four people in immigration detention who had arrived by boat, and not one of them was a child. The reason that we are in this situation today is due solely, completely and utterly to the fault of those on the other side who were so actively encouraged, on a minute-by-minute basis, by the Australian Greens, led, of course, by Senator Hanson-Young, who, it is unfortunate, sometimes does believe that immigration policy is formed on the basis of an episode of Sea Patrol. Senator Hanson-Young, I can assure you: it is far more serious than that—in particular, when the policies you supported contributed directly to in excess of 1,200 innocent men, women and children dying at sea. They are the policies you support; they are not the policies that those on this side support.

Senator HANSON-YOUNG (South Australia) (14:30): Mr President, I ask a supplementary question. According to the Australian Customs and Border Protection Service, the ACV Ocean Protector has austere accommodation for up to 120 potential transportees. Considering the capacity of the largest Customs vessel falls short of the number of refugees or
asylum seekers on the boat, does the government concede that those people and the Australian crew on board are being forced to live in cramped, unsafe conditions and are risking endangering their lives?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:30): Again I reiterate to the Senate that, as this matter is before the High Court, it would clearly be inappropriate for me to comment, but I will say: please be assured that those on this side of the chamber have complete, total and utter faith in the good men and women of Customs and Border Protection, who are the people on the ground—not us here—that every single day ensure that Australia's borders are kept secure. I say thank you to the men and women of Customs and Border Protection and, quite frankly, Senator Hanson-Young, to insinuate that they are in any way not caring for people is demeaning.

Senator HANSON-YOUNG (South Australia) (14:31): Mr President, I ask a second supplementary question. Has the government considered the potential psychological harm that is being inflicted on children when they are held in the hull of the Customs vessel, being locked behind doors in rooms with no windows?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:32): Again I refer to my previous answer in relation to the matter currently being before the court, but I would again say to Senator Hanson-Young: why did you not show the same interest every single time one of those 1,200 people who are confirmed dead at sea because they got on a leaky boat and risked their lives becau

Senator Jacinta Collins: You're a grub!

The PRESIDENT: Senator Collins, you will have to withdraw that.

Senator Jacinta Collins: I withdraw.

The PRESIDENT: Thank you, Senator Collins.

Senator CASH: The mere fact that you can come into this place and accuse this government of not caring is total, complete and utter hypocrisy and does not stand up when you look at the facts.

Renewable Energy

Senator SINGH (Tasmania) (14:33): My question is to the Minister representing the Prime Minister, Senator Abetz. I refer to the government's review of the renewable energy target that will soon be handed down. I also refer to comments by Andrew Thomson, Managing Director of Acciona Energy, who said:

If governments flip-flop with policy to the extent that they drive the renewable energy sector out of this country and foreign investors away from this country, don't expect to be able to attract them back in a hurry.

Does the minister agree that abolishing the renewable energy target will drive the renewable energy sector and foreign investors away from Australia?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:33): We are getting very close to the hypothetical questions with the honourable senator's question
because I am asked what might happen if we were to abolish the renewable energy target. The government has made no such announcement. What the government has said is that there would be a review of the renewable energy target, something that was actually in the legislation when it was passed. The review now falls to this government to undertake.

Like with everything we do, we will look at this in a methodical manner, in a purposeful manner and in a careful manner to ensure that we get the right policy settings. We will not be responding as Senator Singh and the Labor Party does—for example, there is a *Four Corners* program so you ban the live export trade. We do not behave like that in government. We take a very considered approach to policy making and that is why, Senator, whilst you want us as a government—and I can understand the political tactic of trying this—to be pre-empting our own inquiry and its findings, we will not be. We hear the comments of Mr Thomson and other people. I am sure they have put their views to the committee of review in relation to the renewable energy target. All that will come out in the wash with their report, and the government will consider it.

**Senator SINGH** (Tasmania) (14:35): Mr President, I ask a supplementary question. I refer to the Granville wind farm project that has the potential to employ 200 people on Tasmania's west coast. Is the minister aware of the comments by Westcoast Wind Director, Royce Smith, who said that the uncertainty around the RET review has 'got a few investors a bit shy at the moment because it's a bit hard to invest money if you don't know what the outcome is going to be'. Won't abolishing the renewable energy target undermine, rather than create, jobs on Tasmania's west coast?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:36): Talking about the abolition of the renewable energy target in this manner, as Senator Singh has done, is more likely to undermine confidence than anything else. So the crocodile tears of Senator Singh are there for all to see. As I have indicated, we have a review being undertaken. We will consider the outcome of that review and make a decision that is in the long-term best interests of our nation, both economically and environmentally. Until such time as we have the review and have considered it, all the other commentary by Senator Singh might grab her a headline but, with great respect, is pure speculation that does nothing for the sector that she seeks to champion.

**Senator SINGH** (Tasmania) (14:37): Mr President, I ask a further supplementary question. This is the minister's opportunity to get rid of that speculation. Can the minister confirm that the government remains committed to the Prime Minister's pre-election promise to maintain the renewable energy target?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:37): I can confirm that the government are committed to undertaking the review which was always on the cards and which is now being undertaken. As a government that are committed to policies such as direct action to assist the environment, a policy that I am sure Senator Singh and her Labor colleagues will endorse and support us on, we will look at this review and its recommendations. Are we committed to renewable energy? The government are committed to working through these issues in a manner that is in the best interests of all Australians. When
you have a taxpayer funded review, does it not make sense for a mature, stable government to say let's wait for the review? *(Time expired)*

**World War II: Japanese Troops**

**Australian Defence Force**

Senator **LAMBIE** (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (14:38): My question is to the Minister for Defence, Senator Johnston. I refer the minister to his Prime Minister's comments where he described Japanese troops of World War II as 'honourable'. Does the minister agree with his Prime Minister's description of World War II Japanese troops?

Senator **JOHNSTON** (Western Australia—Minister for Defence) (14:38): I thank Senator Lambie for that important question. For 70 years now Japan has conducted itself in stark contrast to its history in the 1930s and 40s, and is a peace-loving country that has a constitution that has set it on a path of peace and harmony with both its neighbours and the rest of the world. The fact is we have served in a number of places with Japanese troops. We have been in Cambodia, we have been in East Timor, we have been in Iraq and we are currently in South Sudan with Japan Self-Defense Force members. Those Japan Self-Defense Force members are very, very honourable people. They have conducted themselves in difficult circumstances, in ways where they have extreme restrictions on their rules of engagement. They have participated in harm's way in a way that has been very honourable. Indeed, recently, as I am sure Senator Lambie knows, we have sought to have an increased defence relationship with Japan.

Currently, Japan has for at least 25 years been participating with the United States and with Australia in various trilateral exercises. Currently, Japan participates in RIMPAC every second year, an exercise put on in Hawaii by the United States Navy, by the Central Pacific Command. In all of those instances, Japan has conducted itself with great honour and integrity, and, I say, in contrast to what has gone before historically. Indeed, commercially, our relationship with Japan, more widely, has been a very successful one for Australia. *(Time expired)*

Senator **LAMBIE** (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (14:41): Mr President, I ask a supplementary question. Is the minister concerned about the high rate of suicide of former members of the ADF and will he support my call for a royal commission into the conduct and procedures of Veterans' Affairs?

Senator **JOHNSTON** (Western Australia—Minister for Defence) (14:41): Thank you, Senator Lambie. Let me pull up my brief on this matter.

Senator **Conroy**: Oh, dear. You should have done that first!

The PRESIDENT: Order, Senator Conroy!

Opposition senators interjecting—

The PRESIDENT: Order on my left! Senator Johnston has the call.

Senator **JOHNSTON**: The fact is that we have a serious issue with post-traumatic stress disorder in the ADF. I have taken the time to compare the suicide rates known to us inside the ADF, and with recent veterans members leaving the ADF and going into the Veterans' Affairs jurisdiction, with those of the United States. The comparison is much more favourable for us.
The rate is very, very disturbing in the United States. We leave no stone unturned in getting the transition right and in managing the mental health of our people. It occupies our mind every day for several hours. (Time expired)

Senator LAMBIE (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (14:42): Mr President, I ask a further supplementary question. Would the Minister for Defence agree that the transition period between defence and into veterans’ affairs is an absolute failure?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:42): Senator, I do not agree with that. Senator Ronaldson and I spend an awful lot of time looking at how we take veterans away from defence on their departure from active service, particularly in Army, into the jurisdiction of Veterans’ Affairs. We have a huge responsibility to our men and women who have served us so well, particularly in Afghanistan. Of course, we take a great amount of time and put great effort into making sure that that transition, particularly where they have ongoing health issues, is as smooth and seamless as possible.

Senator, I thank you for your question. It is a valid question and it is a good question to ask in this chamber. We take great effort in making sure that the men and women who have served us so well have a seamless transition with all of their health issues into the Veterans’ Affairs jurisdiction. It is an important matter and we are very, very much on top of it, can I assure you. (Time expired)

Budget

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:43): My question is to the Minister for Finance, the Minister representing the Treasurer, Senator Cormann. What was the state of the budget when the government came to office and what were the causes for the budget outlook?

Senator CORMANN (Western Australia—Minister for Finance) (14:44): I thank Senator Fawcett for that question. The state of the budget was very bad. It should not really surprise us that it was very bad, because Labor governments across Australia have a history of leaving behind budgets that are in a mess. That is what happened when John Howard became Prime Minister and that is what happened when we came into government. Of course, the previous government inherited the situation of no government net debt—a $20 billion surplus, more than $50 billion in the bank. We were collecting more than $1 billion in net interest payments on the back of a positive net asset position. What did Labor do? They delivered $191 billion in deficits in their first five budgets and another $123 billion in projected deficits in their last budget. They took us on a trajectory to $667 billion of gross debt.

Senator Cameron: No one believes you.

Senator CORMANN: Senator Cameron says that nobody believes us. But do you know what? I suspect that even the people voting for the Labor Party know that the Labor Party do not know how to manage money. Here we are having to borrow $1 billion a month in order to just pay the interest on their debt. Do you know what $1 billion a month would pay for? It would pay for 47,719 hip replacements. It would pay for 49,371 knee replacements. And it would for 371,885 cataract surgeries. Instead, what do we have to do? We have to pay it every month. We have to borrow a billion dollars every month and spend it just on the interest on Labor’s credit card bill. We could spend that money on so many better things if only we did
not have all of this Labor debt to deal with. It is very important that we get the budget back under control so that in the future we can fund these important health services even better than we are now.

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:46): Mr President, I ask a supplementary question. Minister, how may decisions made by this parliament on proposed savings and revenue measures change the budget outlook?

Senator CORMANN (Western Australia—Minister for Finance) (14:46): I thank Senator Fawcett for the supplementary question. The choice for the Senate is clear, really. Either we stay on Labor's expressway to more debt and deficits or we turn the situation around and build a stronger, more prosperous economy where everyone can get ahead and where we can get the budget back into balance. Of course, we know that the previous Labor Treasurer, Wayne Swan, used to sell the virtues of surplus budgets. Every year he would promise us another couple of budget surpluses. 'The surplus years are here', he would say, and then he would deliver another couple of deficits. Of course, the Labor Party has not delivered a surplus budget since 1990. The Labor Party has not delivered a surplus budget in 24 years. This Senate needs to join the government in helping us fix the budget mess that we have inherited so that we can strengthen the future for our children. (Time expired)

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:47): Mr President, I ask a further supplementary question. Minister, what are the risks to all Australians if this parliament fails to address Australia's budget problems?

Senator CORMANN (Western Australia—Minister for Finance) (14:47): The risk is that on the back of continuing to borrow to fund our consumption today we will expose our children and grandchildren to lower living standards and we will force them to pay higher taxes and accept lesser services in order to pay for our cost of living today. That is of course entirely inappropriate. I have been reading out a few quotes in recent weeks and I came across this quote from John Edwards, the RBA board member who was appointed by Mr Wayne Swan and who was former Prime Minister Paul Keating's principal economics adviser. This is what he said:

I've no doubt there is a budget crisis. We're accumulating debt as a higher share of GDP and of course in absolute terms, [it's] absolutely astronomical …

This is Paul Keating's economic adviser:

… compared to far more serious episodes in Australian history, including recoveries from serious recessions.

So Paul Keating's economics adviser thinks this is worse than it has ever been. (Time expired)

Budget

Senator RHIANNON (New South Wales) (14:48): I direct my question to Minister Cormann, representing the Treasurer. Considering that yesterday the Treasurer stated on Sky News that, 'the most significant individual item in the budget is a savings measure, it's a reduction in foreign aid.' Considering that the differential of any money allocated for a department that is not spent goes back into consolidated revenue, do you plan to make savings from the aid budget by slowing down expenditure on overseas aid programs? If so, which parts of the overseas aid program will experience reduced expenditure?
Senator CORMANN (Western Australia—Minister for Finance) (14:49): The government has been very transparent in the savings that we intend to make out of the foreign aid budget. Given the debt and deficit disaster that we have inherited from the Labor Party, we have no choice but to focus on getting our own affairs in order before we start spending money that we have not got. The Labor Party and the Greens might want us to continue to borrow money to give it away, but we think we have a responsibility to our children and grandchildren to repair the budget, to build a stronger, more prosperous economy, to create opportunity for everyone to get ahead, but we are not going to continue to spend money that we have not got. The spending growth trajectory in foreign aid that former Prime Minister Kevin Rudd locked Australia into in his quest to become the next Secretary-General of the United Nations was completely unsustainable and it was completely unaffordable. Our children and grandchildren would not have to pay the price—

The PRESIDENT: Pause the clock. Senator Rhiannon on a point of order.

Senator Rhiannon: Mr President, I rise on a point of order on relevance. The question was quite simple and direct and was about slowing down expenditure on overseas aid programs. Could you draw the minister back to the question please?

The PRESIDENT: The minister has just over one minute left to answer the question. I draw the minister's attention to the question.

Senator CORMANN: As I was saying, the Australian people should not have to pay the price for Mr Rudd going out and trying to stack the numbers in his quest to become the next Secretary-General of the United Nations. In this budget we have frozen the foreign aid allocation, the foreign aid budget, this year and next year at the same nominal amount. Then we are increasing it by the CPI instead of taking it up to 0.5 per cent of gross national income—as we transparently said we would do before the election and as we transparently said we would do in the budget. That is the responsible course of action given the debt and deficit disaster that we inherited from the Labor-Green government when we came into government in September. But of course, if the Greens support our agenda for stronger growth, if the Greens support our agenda to repair the budget, if the Greens support our agenda to get back into surplus, we will have more money available in order to invest in causes like foreign aid. But in the meantime, while we have to borrow a billion dollars a month just to pay the interest on Labor's debt, we just cannot afford more than what is in the budget.

Senator RHIANNON (New South Wales) (14:51): Mr President, I ask a supplementary question. Minister, how do you reconcile the Treasurer's statement made last October—that the ambitious goals of eliminating extreme poverty will be meaningless unless strategy is actively pursued to achieve those goals—with the Treasurer's statement of yesterday that, 'We just have to reduce the expenditure as part of our budget savings.' Are you committed to reducing aid spending or to poverty alleviation?

Senator CORMANN (Western Australia—Minister for Finance) (14:52): The Greens might not understand—and these days it seems the Labor Party does not either—but the only sustainable way to increase spending on foreign aid is to get the budget back under control. The budget situation is such that we cannot continue to borrow money just to give it away. The Labor Party wants us to borrow money and give it away for all sorts of causes. Taken in isolation, you might say that every single cause has got merit, but, do you know what, when...
you are the government you actually have to prioritise how you allocate your resources. The truth is that you are in a situation where you are heading for $667 billion of debt, which the Labor Party wants our children and grandchildren to repay. I see Senator Cameron smiling. He does not care. Maybe he is quite happy to give his children his credit card with all of his grocery expenses on it for the next couple of years, as well as the interest bill. Would you do that, Senator Cameron? Would you put your groceries on your credit card over the years and then tell your children, 'Well, that's now your problem' or would you say, 'Actually, I've got to take responsibility for my own expenditure'?

— (Time expired)

Senator RHIANNON (New South Wales) (14:53): Mr President, I ask a further supplementary question. Minister, considering you have really just linked the aid budget with the surplus, how will further cutting the foreign aid budget deliver the new aid paradigm announced by Foreign Minister Julie Bishop and retain excellent aid programs that have seen over a million boys and girls enrolled in school and about 2.8 million children vaccinated against life-threatening diseases? These are some of the programs that are under threat if you continue to reduce spending in the coming period.

Senator CORMANN (Western Australia—Minister for Finance) (14:54): Foreign Minister Bishop is doing an outstanding job to make sure that the investment in foreign aid actually delivers real outcomes, because, under the previous administration, Mr Rudd was doing his work to do the numbers to become the next United Nations Secretary-General. Not only did he spend a lot of money on wasteful programs; he also spent a lot of money on massively increasing the size of the Public Service. The increase in the number of public servants in AusAID was much higher than the increase in actual funding into programs. What we are doing is saying, 'We can't continue to spend money that we haven't got. That would be irresponsible to our children and grandchildren. So we need to get the budget back under control.' That is what we are doing. Once the budget is back under control, we can have a conversation about how we best prioritise future spending decisions. But, in the meantime, while we have a deficit— (Time expired)

McGrath, Senator James

Senator CAMERON (New South Wales) (14:55): My question is to the Minister representing the Prime Minister, Senator Abetz. I refer to comments by new senator and senior Liberal campaign strategist, James McGrath, who said:

… the GST should be broadened to cover everything—and it should also be increased to 15 per cent. Is the government considering this proposal to broaden the GST to cover everything, including fresh food, school fees, child care and medication? Is the government also considering an additional hit on Australians by increasing the GST to 15 per cent?

The PRESIDENT: Order! Before I call the minister: Senator Cameron, you refer to Senator McGrath as 'Senator McGrath'. You forgot to give him his correct title.

Senator CAMERON: I apologise.

The PRESIDENT: Thank you, Senator Cameron.

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:55): I am absolutely delighted to inform the electors of Queensland and all Australians that, earlier today, Senator McGrath and I and the coalition and other senators voted to abolish the carbon
tax. Senator McGrath ensured that that hit on Australians to which Senator Cameron was referring was actually reduced by $550 per annum for the average—

Senator Cameron: Mr President, I rise on a point of order going to relevance. This was a clear and simple question about the GST—the GST on fresh food, school fees, child care and medication, and an increase in the GST.

The President: Senator Cameron, first of all, the minister had hardly commenced his answer. Secondly, he was being directly relevant to a portion of your question, so there is no point of order. Minister, you have the call.

Senator ABETZ: Can I also commend the speech that Senator McGrath gave to all Australians—a very good speech. I might say, with respect to Senator McGrath: perfect as it was, it did canvass an issue that is not government policy, and we do not intend to increase the GST. This is a government that wants to try to keep the tax burden on our fellow Australians as low as possible. I understand that Senator McGrath's approach is to increase one tax and to replace other taxes, and therefore the overall tax burden would not be increased. But, having said that, I can inform the Senate and Senator Cameron that we do not intend to change the GST formula. However, can I just observe that it is an absolute delight that Senator Cameron listened to a speech without interjecting. That is why he actually got it and was able to ask his question today. Can I commend him to follow that line in the future. (Time expired)

Senator CAMERON (New South Wales) (14:58): Thanks for the advice, Senator Abetz. Mr President, I ask a supplementary question. I refer again to comments by the minister's Liberal colleague Senator McGrath, who has called for the abolition of the federal departments of health and education. Is the government's $80 billion cut from hospitals and schools a down payment on Senator McGrath's grand plan?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:59): Senator Cameron desperately, on behalf of the Australian Labor Party, continues to peddle this line that somehow the $80 billion to which he refers was actually funded. Every Australian knows that the promise of the $80,000 million, that was to be paid some time into the future, had no revenue base in any way, shape or form other than from borrowing from overseas. That was part of the trajectory into debt, which came to $667,000 million, something which the Labor Party seeks to deny. You cannot have it both ways. The $80 billion was part and parcel of the $667 billion. You know that, those on the other side know that and, Mr President, it is vitally important—(Time expired)

Senator CAMERON (New South Wales) (15:00): Mr President, I ask a further supplementary question. Senator McGrath has also called for the ABC to be sold, echoing the calls of many over there and former deputy Liberal leader Neil Brown, who was recently appointed to the ABC board nomination panel. Given this growing push from within the Liberal Party and given that the Prime Minister has already broken his pre-election promise of no cuts to the ABC, will the minister now come clean about the government's secret plan to privatise our national broadcaster?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:01): Let me
confess, I am quite jealous. My first speech did not get the attention that Senator McGrath's has received. So I congratulate Senator McGrath for the attention that his speech has received, especially from our socialist friend on the other side Senator Cameron. Senator Cameron loves everything to be in public ownership. But what we as a government have committed to is keeping the ABC in public ownership. That will continue. There is no secret agenda. One thing we on the coalition side like is the aerating of different views and ideas. We actually allow that in the coalition, unlike those who, if they dare speak out against the carbon tax, are resigned to being silenced forever. Isn't that right, Senator Conroy? (Time expired)

National Security

Senator REYNOLDS (Western Australia) (15:02): My question is to the Attorney-General, Senator Brandis. Can the Attorney-General advise the Senate why it is so important that Australia modernise its national security legislation?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (15:02): Thank you, Senator Reynolds, for that question. Can I acknowledge your interest in this area of policy as a former brigadier in the Australian Army who has served her country. As Senator Reynolds would know, intelligence is at the forefront of Australia's national security capability and our intelligence agencies serve us well.

Senator Reynolds might be interested to know that four planned terrorist attacks on Australian soil have been disrupted since the enactment of Australia's counter-terrorism laws in 2002. Twenty-three people have been convicted of terrorism offences under those laws, including eight individuals who returned from war fighting in Afghanistan. Most prosecutions have made significant use of intelligence information. It is, however, imperative that the statutory framework governing our agencies keep pace with contemporary evolving events and developments in modern technology.

As the parliament is aware, the activities in Syria and Northern Iraq have led to an increase in the number of individuals travelling to participate in those conflicts. Among them are, regrettably, a number of Australians, including some who have fought or trained with terrorist organisations. The threat posed by returning foreign jihadists is the most significant risk to Australia's domestic security that we have faced for decades. To equip our agencies with powers that enable them to function effectively in this environment, the bill I introduced into the Senate yesterday contains measures—in most cases identified by the Parliamentary Joint Committee on Intelligence and Security in its bipartisan report tabled last year—which will address practical limitations in the current legislation.

Senator REYNOLDS (Western Australia) (15:04): Mr President, I ask a supplementary question. Can the Attorney-General also advise the Senate how these new measures will protect Australians from contemporary security threats?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (15:04): The National Security Legislation Amendment Bill (No. 1) 2014 will strengthen the legislative framework governing the activities of the Australian intelligence community by implementing measures including measures to: improve in limited circumstances information sharing between ASIS and ASIO about Australians of security interest overseas; modernise ASIO's
warrant-based intelligence collection powers; and strengthen ASIO's ability to conduct covert intelligence operations, always subject to rigorous safeguards. These measures will provide the agencies with a significant boost in their capacity to fight terrorism and other national security threats. Importantly, increased security and safeguards for individual rights do not have to be mutually exclusive. I announced yesterday that the government will appoint a new Independent National Security Legislation Monitor and consider boosting resources for the Inspector-General of Intelligence and Security to achieve both of those objectives.

Senator REYNOLDS (Western Australia) (15:05): Mr President, I ask a further supplementary question. Can the Attorney-General advise the Senate whether the government is planning any further changes to enhance the powers of our intelligence and security agencies to protect Australians?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (15:06): This bill is a significant contribution towards ensuring the future capability of Australia's intelligence agencies. However, it is just a first step in the government's commitment to improving Australia's already strong national security laws. The government is undertaking a comprehensive review of those laws, including the terrorism provisions of the Commonwealth Criminal Code, and it is responding to recent reviews, addressing any gaps in the current legislation to ensure our agencies can respond effectively to emerging security threats.

The government's No. 1 priority is keeping Australians safe and protecting Australians and our interests from those who would do us harm. Importantly, Australians can have confidence that this government will make the changes to national security laws in a measured and considered way. I thank the opposition for its bipartisanship on this issue.

Budget

Senator STERLE (Western Australia) (15:07): My question is to the Minister Representing the Minister for Health. I refer to research by the University of Sydney that found 13 per cent of people in some parts of the community put off seeing a GP, or do not seek medical care, due to cost. What will be the additional impact of the Abbott government's $7 GP tax?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (15:07): I am aware of the report that the senator is referring to, and there have been considerations around that report and the methodology that was used. There has been a range of commentary around the budget when it comes to health. The decisions this government has taken when it comes to the budget and health are to ensure a sustainable health system into the future. Unlike those opposite, who when it comes to health are prepared to run with policy that is ill thought through, this government is going to ensure a sustainable health system.

Senator STERLE (Western Australia) (15:08): Mr President, I ask a supplementary question. Can the minister confirm findings from the University of Sydney that an older pensioner couple who hold concession cards would expect to pay $199 or more a year for GP visits, tests and medications as a result of the government's budget measures?
Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (15:09): It is interesting to note that a range of those costs for retired people are not attributable to government. The report overstates the effect of the measure on older Australians by including per capita services across the whole population over 65. While the rate of service use and concession card status increases with age, the report does not exclude those items which are not included in the measure—for example, chronic disease management plans. It uses averages, rather than medians, and it is biased by using a small number of people. So the report, in a lots of ways, overstates the effect.

There are obviously a number of views about that report and other reporting on the budget. This government will ensure—(Time expired)

Senator STERLE (Western Australia) (15:10): Mr President, I ask a further supplementary question. Can the minister confirm that an average general patient who has type 2 diabetes would pay in out-of-pocket costs an extra $120 per year in co-payments for GP visits and tests as a result of the government's $7 GP tax?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (15:10): There are a range of measures when it comes to determining what those out-of-pocket costs are. Some of those, in terms of the reporting, have been looked at outside of what government provides. So I would suggest that senators opposite should not necessarily take as gospel what we are seeing in one particular report.

Unlike those opposite, this government is prepared to take the tough decisions when it comes to budgets to make sure we have not only a sustainable health system into the future but a sustainable economy. That is the right thing to do for the Australian people, and that is what this government will continue to do.

The PRESIDENT: The Clerk has asked me to thank honourable senators for their expressions of confidence in her and staff of the Senate department.

Senator Abetz: Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS
Employment
Renewable Energy

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (15:12): I move:

That the Senate take note of the answers given by the Minister for Employment (Senator Abetz) to questions without notice asked by Senators Urquhart and Singh today relating to employment in Tasmania and to the Renewable Energy Target.

My question, I thought, was quite straightforward, but obviously the Minister for Employment was not able to answer it. The closure of the Henty mine was announced on 7 July, with the loss of 150 jobs, sometime around 2015. The immediate closure of Mount Lyell mine was announced on 9 July. The minister said that Mr Whiteley had done a lot more than say to the workers, ‘Go to Centrelink’—and I would be very interested to know what that was.

In a press release that Mr Whiteley put out on 9 July, he said he would expect that the Premier will request that challenges confronting the west coast be put on the agenda for the next Tasmanian Economic Council meeting, to be held in the next few weeks. So there did not
seem to be a lot of urgency from the member for Braddon to get on and look at what help they could provide to the people on the west coast given the announcement of the closure of the mine.

My question was going to whether the government had thought about maintaining the local employment officer—that position will be axed from 30 July. In May, Central Coast Mayor Jan Bonde put out a press release and there was a story in The Advocate. Responding to a question about the position of the local employment officer, James McCormack, being axed, she said:

James, along with Sarah Jones from Enterprise Connect, has been a catalyst for change in the region. In my experience, they are the two best operators in terms of helping to transform our regional economies. He has been able to build relationships with all tiers of government and the key employers and industry groups.

I would have thought that that role would have been extremely helpful to people on the west coast of Tasmania. Mayor Bonde went on to say:

Jobs Services agencies operate under a competitive model and it is impossible for councils to work collaboratively to help improved employment outcomes without someone likes James acting as the point of contact.

He has the ability and relationships to cut across the silos and other boundaries to help create a more coordinated approach to identifying and addressing challenges.

So the local mayor talks about how important someone in that role is. But Mr Whiteley does not think that that is important. Without somebody in the local area to help pull all that together it is a very difficult and tough time.

The regional coordinator put together a regional employment plan, and in that regional employment plan there are five goals. Within those five goals there are 19 strategies. The report, Regional Employment Plan: North West/Northern Tasmania Priority Employment Area, talks about things like supporting employment, workforce participation and skills development, including through maximising government investment; helping retrenched workers transition into new employment and/or training; facilitating employment and training opportunities for job seekers, including disadvantaged groups, with a focus on industries experiencing skills shortages; facilitating opportunities for employment in new, emerging and growth industries; and developing industry and community partnerships to increase participation in employment and training. I would have thought that those key areas contained in that priority employment area plan were all things with which the west coast could dearly use the assistance of someone like a regional employment coordinator. But, no, the government does not seem to think that it is important.

But I am heartened because, after a lot of calls, today, at around 9.30 am or 9.40 am, Mr Whiteley gave a speech in the other place in which he said:

At the request of the state government, I have committed to working closely with my good friend Adam Brooks MP, who is leading the group to an outcome that results in this region restored as the economic powerhouse of Tasmania as it once was.

So we had the announcement two weeks ago that the mines were closing and the member for Braddon has now got up and said that he is actually going to be part of that. (Time expired)

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:17): I am
delighted to take part in this debate and remind Senator Urquhart of a little bit of history. James McCormack, the local employment coordinator to whom she refers, did a great job for Tasmanians in that particular area. But there was something that Senator Urquhart forgot to tell the Senate. Chances are she did not forget and she deliberately withheld, but I am willing to give her the benefit of the doubt. Do you know how long Mr McCormack—who did all this wonderful work—was contracted for by the previous Labor government? It was until 30 June 2014. So the very last budget for which Labor senators, including Senator Urquhart, voted for would have seen the stopping of his contract as of 30 June 2014. We implemented the Labor Party's approach in this area. So please, Senator Urquhart and other Labor senators, do not come into this chamber crying crocodile tears when you had no intention in any way, shape or form of continuing that position, as you did not make any money available for it beyond 30 June 2014.

Senator Polley interjecting—

Senator ABETZ: I will take Senator Polley's interjection, 'Well, why don't you make more money available?' I indicate to Senator Polley and the Labor Party the financial difficulties we face today is courtesy of Labor mismanagement. As we speak, we are borrowing $1,000 million per month just to pay the interest bill on the existing borrowings. Today we heard in question after question from the Australian Labor Party that their answer to all the world's problems is 'just borrow more'. If you were to follow the Greens as well, you would borrow more from overseas so we could pay it overseas. That is why this nation is in the financial difficulties that she is in. It is the Labor-Green legacy. And we have now been given the task by the Australian people to repair the damage. Regrettably, when you waste your money on pink batts, school halls and cash splashes, the day comes when you have to repay that money with interest. As a result, good people like James McCormack, the local employment coordinator, cannot continue to be funded. But, please, do not blame us for that decision; it was a Labor decision—and when we looked for money, regrettably, there was none there because of Labor's legacy.

The member for Braddon, Mr Whiteley—who is doing a fantastic job for the people of Braddon—from the west coast and right through the north-west coast of my home state of Tasmania—saw the state government acting very proactively with a task force to assist with what is a devastating blow to the west coast with the closure of two mines. Given that it was a state government task force, it is appropriate to make the appropriate inquiries to ascertain one's capacity to make a contribution to it. That is what Mr Whiteley has done, and Mr Whiteley is now going to make a positive contribution to that task force. That is the way sound, sensible government conducts itself.

If you listened to all the questions from the Labor Party today you would get the impression that the Labor way is 'see a problem, borrow money from overseas, throw a bucket of money over it and then walk away because you have somehow satisfied your moral obligation'. We say that that is the Labor way but it is not a responsible way. It is not the honourable way. The honourable way is to take a step back, take a deep breath and ask, 'How do you handle this situation the best for the long-term benefit of not only the west coast but also all the individuals impacted?' and then hear from those people what is needed and how we can assist—and that is exactly the approach that we as a government here in Canberra and
the new Premier, Will Hodgman, are taking to this devastating situation in Tasmania. *(Time expired)*

Senator SINGH (Tasmania) (15:22): What we have heard here in the response to Senator Urquhart's questions by Senator Abetz, a Tasmanian senator himself, is: 'Don't blame us when it comes to workers and their families losing their jobs on the west coast of Tasmania. Don't blame us. We're just the government. We can't do anything.' Senator Abetz wants to keep going back in time and holding onto this thing of 10 months ago when Labor was in power, trying to blame every single lack of government policymaking that they currently have on Labor. Well, this is the government that is in power and this is the government that can do something right now to support those workers on the west coast of Tasmania.

Senator Urquhart asked a very specific question of Senator Abetz. He failed to answer it. She asked specifically about the employment coordinator position that no longer exists on the west coast of Tasmania. We know that these positions do not exist in fact anywhere in the country—the whole 21 of them have gone—except for in the electorate of Corangamite, in Sarah Henderson's electorate. I have got a press release here from Sarah Henderson, which she only put out on 2 July—I think it was following her appearance on a *Q&A* program. Senator Abetz came to her rescue. In relation to the Alcoa workers, Senator Abetz decided to come up with the $500,000 to reinstate the employment coordinator for the Geelong region. It is all right for Geelong. It is good enough Geelong, but it is not good enough for his own state of Tasmania. He is turning his back on the workers in his own state. He gets up here in the Senate and tells those workers, tells the Tasmanian community, that it is not the government's problem, that they are not going to do anything about it. It was okay for Geelong, but it is not okay for the west coast of Tasmania.

In relation to the member for Braddon, Brett Whiteley, we know all about him. We know he is all about bluff and blunder. He is not about action. He has got the mouth. He goes out there spreading the words, but they are not followed up with any action. Having said that, Senator Urquhart has informed the Senate that, after two weeks, he is finally going to do something and get involved with the working group, unlike what he has said in the past, which was: 'You're losing your job. Go to Centrelink. Don't come to me. I'm just the local member. I'm just the government. I can't help you.' That is what we get to hear from Senator Abetz and from Mr Whiteley.

We know very well the importance of Enterprise Connect. We know very well how important that coordinator position was in Tasmania and the work that was done by the former employment coordinator, James McCormack. That is why we are calling on the government to provide, right now, a regional employment coordinator for the west coast and the north-west coast of Tasmania, just as Geelong has been provided with, just as Sarah Henderson informed us, in her press release of 2 July, that she was provided with for her electorate of Corangamite. She knows the importance of the regional employment coordinator in the face of Alcoa workers losing their jobs. She says:

*The funding will ensure there is a person on the ground in the Geelong region who can look at opportunities across our region to promote employment growth and better link job seekers and employers.*

She knows very well that this job seeker initiative was a good policy that Labor started. That is why she urged Senator Abetz come forward with the $500,000. The only regional
employment coordinator in the country is in the electorate of Corangamite. The rest of the country? Too bad. In Tasmania, Senator Abetz's own state, he says, 'Too bad.' Here are workers and their families whose livelihoods are on the line. They have been living on half-pay now for some time. They know that their future is bleak in that regional part of the state. There need to be those opportunities provided to them through the support of an employment coordinator. That is why Senator Urquhart and I, followed by the other Tasmanian Labor senators, are urging Senator Abetz to stand up for Tasmanians for once and actually come forward with this very small amount of money that will make such a difference to their lives.

(Time expired)

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (15:27): Mr Deputy President, congratulations on your ascension to the role. I have not had the opportunity to formally congratulate you before.

The circumstances on the west coast of Tasmania are indeed unfortunate. It is a very difficult time for people on the west coast of Tasmania. If Labor members and senators think that the only thing that can be offered to that community is a local or regional employment coordinator, if that is all they are asking for, it shows how shallow their approach to this very, very difficult circumstance is.

I might reflect on some other difficulties that have occurred in my region over the last few years. It is good that Senator Carr is in the chamber, because he was part of the process under which we lost two paper mills and a carpet factory. What was the Labor government's response to that? The Labor government's response to the circumstance where the paper industry decided they were going to review—

Senator Polley interjecting—

Senator COLBECK: Just wait and see what the response was, Senator Polley. The Labor Party's response was to call a meeting of interested parties.

Senator Kim Carr: Rubbish! Complete rubbish!

Senator COLBECK: Let me finish, Senator. Not only did they call a meeting; Senator Carr would not even come to Tasmania. He called the locals to go to him in Victoria. They had to travel to Victoria to meet with him. He did not have time to come to Tasmania. Then he put into place a committee to consider the future of the pulp and paper industry, alongside the decision-making process of the company. And guess what?

The committee he put into place did not report until after months and months, after the company had made the decision to close. He said at the outset that this committee would consider the industry in conjunction with the company itself, so that the company could be informed by the process of the committee, but the committee did not report until well and truly later.

We are consulting with the community. The member for Braddon has already spoken to the Prime Minister in the Prime Minister's office. He has also spoken to the office of the Minister for Industry—who will be in Tasmania next week. With the former minister, they had to go to him.

Senator Kim Carr: Where's the money?
Senator COLBECK: As Senator Carr says, just throw a bucket of money at it and it will all go away. We are talking to the community. Interestingly, in Victoria, where the decisions have been known for some time, the community has had a chance to develop a plan. That process is only just starting in Tasmania. The Tasmanian Premier acted very quickly. He was quickly in Queenstown and quickly set up a task force to work with community members. The Labor Party think they can just impose themselves on the community. That is what they did with the carbon tax and that is one of the reasons industry in Tasmania has been doing it so tough. Simplot, for example, is a business which will be saved $4 million a year by today's action in this chamber. The previous government offered them money. They threw money at them. We can save them more money in four years than the previous government offered them just by throwing money at the problem. That is their only answer. They think throwing some money at the problem will sort it all out.

We are making regulatory reform which will reduce the cost to industry and business and allow them to flourish. It will give them the opportunity to grow. It is a very, very unfortunate circumstance on the west coast of Tasmania and we all feel very much for the people. The Labor Party are playing base politics with this issue, in stark contrast to what we did when Caterpillar workers were being put off, when we worked alongside the then local member for Braddon, Mr Sid Sidebottom. We did not criticise the government because there were difficult decisions being made in the industry; yet, as soon as the tables are turned, the Labor Party return to base politics. They are not prepared to listen to what the community want. They just want to play dirty base politics with a very unfortunate circumstance. They are not interested in listening to the local community and are not prepared to chip in and play a sensible and responsible part in what is a very difficult situation. (Time expired)

Senator POLLEY (Tasmania) (15:32): It is extraordinary when an issue is affecting our home state of Tasmania that we have the so-called 'power senators' from Tasmania, who have all the senior positions in this government but they cannot get up to defend their decision to stand by and do nothing. They do absolutely nothing. To have people in this chamber today blaming the mining resource tax or the carbon tax for the closure of those mines is absolutely outrageous. When it comes to what Senator Colbeck has just said in relation to Labor's view of saving jobs, that it is about throwing money at it, that is unbelievable. We want an immediate injection of funds into that community and we want a long-term strategy to ensure that we can invest in the future and can invest in jobs.

Today in the House of Representatives we have Mr Brett Whiteley as the member for Braddon. We also have what are known as—they gave themselves the name—the Three Amigos'. We have been waiting for the Three Amigos to ride into town in Tasmania and they have never arrived. What they should really be known as is 'the Three Stooges'. The problem is, they are not funny. The situation on the west coast is not funny. On this side we have seen the action of Senator Urquhart and the shadow minister Julie Collins going on the front foot with this issue. Our representatives have been there talking to the community. We have been in contact with the unions.

I have regular contact with the Australian Workers Union, who are down there at the coal face listening to those workers. They have had to survive. They are not living on six months of half pay; they are trying to survive. We know and I would have expected that those
opposite as Tasmanians would know their community and know how hard it is there in terms of unemployment. We have—

Senator Colbeck: So what did you do for the pulp mill workers and the carpet mill workers?

Senator POLLEY: We were there and investing in Tasmania.

Senator Colbeck: They’ve gone.

Senator POLLEY: They have gone. You had the opportunity, Senator Colbeck—through you, Mr Deputy President. Show us the way. Why are you not doing something? Why are you prepared, because one of your members goes on Q&A, to throw money into Geelong and have a coordinator there? Why is it that one of your members has to go on Q&A? I very much doubt that that is the way the Tasmanian community are going to have any respect for this government because we are not interested in invasion, which has been demonstrated here today. We are not interested in posturing, we are not interested in vague media releases where the local member says to the people who have lost their jobs, ‘Go and see Centrelink,’ when they know full well that they would not be entitled to the sort of support that they need now.

When we debate this, we have inaction from those opposite, but we want action. We want action now for an immediate intervention to help these people and then we need a long-term plan and strategy to assist that community. We do not want Queenstown to become a ghost. Those on the opposite side come into this chamber every week talking about small businesses. What are you doing to ensure those businesses in that region are able to succeed? What are you going to do to assist families trying to pay their mortgage? Today after questions in relation to the GST, Senator Abetz said, ‘No, it is not government policy to support an increase in GST to 15 per cent,’ but he did not say anything about not broadening that tax.

We have seen from this government through their budget that they are callous and heartless, and the Tasmanian Liberal senators and the Liberal members of the House of Representatives have proven once again that they are out of touch. They don't listen, and Senator Colbeck says, ‘We go down there and we talk to the people.’ That is right: you only do the talking. You never listen to the community. You never listen to the experts and you have not even been there.

Senator Colbeck: Tell us what they want!

Senator POLLEY: You should be there. They want action. They want some leadership. They want some vision, but we know that this government is incapable of showing leadership. We know they are incapable of having any vision and we know they are incapable of having a strategy and supporting the Tasmanian community. (Time expired)

Question agreed to.

Budget

Senator RHIANNON (New South Wales) (15:38): I move

That the Senate take note of the answer given by the Minister for Finance (Senator Cormann) to a question without notice asked by Senator Rhiannon today relating to overseas development aid.

The response from Senator Cormann representing the Treasurer was deeply disturbing. He failed to address the question which adds to the concern that has grown since we heard the
comments yesterday from the Treasurer, Mr Hockey, when he was appearing on Sky News. He said:

... the most significant individual item in the Budget is a savings measure, it's a reduction in foreign aid.

We have seen the aid budget hit—it was hit under Labor. It has been hit and reduced substantially under the coalition, but this takes it to a whole new level of being very deceptive with the public. As we could see from the minister's response, he is avoiding saying it is a cut, not surprisingly—and they can probably get away with that, because they will drive down spending and then the money saved can go back into consolidated revenue.

We need to see this in context: the foreign aid budget makes up less than 1.5 per cent of the overall budget but it accounted for 20 per cent of the savings announced as part of May's federal budget. The aid budget has become like an ATM: the place where the government dips in when they are looking for some savings.

It was disappointing that the former foreign minister, Mr Carr, did this from time to time, and the new government has taken it up with gusto. This comes at a time when poverty and alleviation should remain a top priority with this government.

It is also very worrying that, when you look at how this is playing out, we have a reduced aid budget and then we need to consider what that money is spent on. More and more, it is being spent on programs that are primarily about benefiting Australia. What this government has pushed to the top of the agenda in terms of how the aid programs are determined is that it has to be in the national interest. This has been a problem that has been identified over many years. It was previously called tied aid. In the 1990s, it became highly discredited to the point that the OECD redefined what the definition was for overseas development aid.

Again, as we see so often, governments find a way to get around things. The primary focus of Australia's aid programs has been to support the national interest. While it may not always be locked in that it has to be Australian companies, public-private partnerships are talked about, programs need to be about economic growth and corporations need to be involved. So many of these low-income countries will not be able to tender for the projects. They do not have big companies that can tender for the infrastructure projects that the government is looking to be a major part of the Australian aid budget. So, more and more, we will see the tendering decisions going to Australian companies.

We have also seen in recent times some worrying trends in the aid program with an emphasis on helping the corporate sector expand in low-income countries, all on the basis that we will have economic benefits flow through to the poor people. That whole trickle-down argument was widely discredited 10 or 20 years ago, but that is where the government has well and truly gone back to the past.

Some of the programs that have got caught up in this way of conducting aid are very damaging to local communities. Some examples of that are the land reform programs in Papua New Guinea and parts of the Pacific; and the Mining for Development Initiative, which is about opening up low-income countries to the operations of mining companies.

Just to take that first one: in parts of Papua New Guinea and the Pacific land is being registered in the name of individual owners, which breaks down the very different way that these communities work where there is collective ownership of land. Land in many ways is
Senators likened to a superannuation policy: it is always there to give support to communities. *(Time expired)*

Question agreed to.

**COMMITTEES**

**Treaties Committee**

**Government Response to Report**

Senator BUSHBY (Tasmania—Government Whip in the Senate) (15:43): I present the government’s response to the 130th report of the Joint Standing Committee on Treaties and seek leave to incorporate the document in Hansard.

Leave granted.

*The document read as follows—*

Australian Government response to the Joint Standing Committee on Treaties' report: Report 130

*Malaysia—Australia Free Trade Agreement done at Kuala Lumpur on 22 May 2012* 

June 2014

**Recommendation 1:** That prior to commencing negotiations for a new agreement, the Government table in Parliament a document setting out its priorities and objectives including independent analysis of the anticipated costs and benefits of the agreement. Such analysis should be reflected in the National Interest Analysis accompanying the treaty text.

The Government does not accept this recommendation.

The powers to negotiate and enter into treaties are executive powers within section 61 of the Australian Constitution. Accordingly, formal responsibility for treaty making and negotiation lies with the Executive. The Government nevertheless considers that the Parliament has a significant role in scrutinising treaties prior to binding treaty action being taken and in passing legislation to give effect to them where necessary. The Joint Standing Committee on Treaties (JSCOT) plays an important part in fulfilling Parliament's role in this respect. The Government remains of the view that its capacity to effectively pursue the national interest while allowing for appropriate public consultation is best met by current parliamentary and consultation processes.

The Government currently provides information about treaties under consideration or negotiation in a variety of ways. The nature and extent of public consultation is determined by the scope and importance of the proposed treaty and can include statements to the Parliament, press releases, information published on agency websites, calls for public submissions and face-to-face consultations with industry and civil society representatives. The purpose of such consultations is to inform the public about the Government's priorities and objectives and to afford an opportunity for comment. In addition, regular consultations are conducted with the States and Territories through the Standing Committee on Treaties.

Notwithstanding its commitment to stakeholder consultation, the Government is constrained in what it can disclose about prospective and ongoing treaty negotiations. Making detailed information about Australia's negotiating position publicly available prior to the commencement of negotiations would limit Australia's room for manoeuvre in the negotiations. Adopting the Committee's recommendation could circumscribe the capacity of Australia's negotiators to secure the best possible outcomes for Australia in the treaty negotiations.

Any statement of negotiating priorities and objectives made at the outset of treaty negotiations would be of limited value in assessing the eventual treaty outcomes. Negotiating priorities commonly develop over the course of negotiations, and eventual treaty outcomes reflect compromises acceptable to all Parties. While negotiators operate within defined parameters, it is generally not possible to predict
accurately the full range of commitments which will be incorporated into the final agreement until negotiations are concluded. Similarly, any advance assessment of costs and benefits would necessarily be based on a range of assumptions which may or may not prove correct. The Government considers the current practice of tabling treaties after they are concluded enables the Parliament to make a more meaningful assessment of their impact on the national interest, based on the actual rights and obligations they contain.

Treaties do not become legally binding on Australia until the Government formally undertakes to perform the obligations set out in the treaty by taking binding treaty action (ratification, acceptance, approval or other formal mechanism provided for in the treaty). Until binding treaty action is taken, Australia is only obliged to refrain from acts which would defeat the object and purpose of the treaty. Other than in exceptional circumstances, the Government does not take binding treaty action, or introduce legislation to give legal effect to treaty provisions in Australia, until after JSCOT has reviewed and reported on the treaty and its advice has been taken into account. Existing treaty tabling arrangements therefore afford ample opportunity for the Parliament to express its views on treaties well before a final decision is made on whether they become binding on Australia.

The Government notes Recommendation 1 does not state what would constitute 'independent analysis' of the anticipated costs and benefits of the agreement. If it is intended that the Government commission econometric or other modelling on proposed treaty negotiations prior to their commencement, this could delay the start of negotiations and further impinge on the Government's negotiating flexibility. The Government further notes the recommendation does not make any allowance for urgent or sensitive treaties. Finally, adding another step to the treaty process would have resource implications for the responsible agencies, which the Government does not consider to be justified.

Recommendation 2: That after 24 months of the treaty coming into effect, an independent review of MAFTA be conducted to assess actual outcomes of the treaty against the claimed benefits and potential negative consequences noted in this report. The review should consider the economic, regional, social, cultural, regulatory, labour and environmental impacts. Such a review should serve as a model for future free trade agreements.

A period of 24 months after the entry into force of MAFTA is brief in the context of the implementation of such a treaty. Any conclusions drawn from such a review would necessarily be limited in terms of the overall assessment envisaged by this recommendation. A longer period following MAFTA's entry into force would allow for a more insightful review of the agreement. It would also be important for any review to take into account the fact that MAFTA was concluded in the context of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), and that MAFTA complements and builds on the commitments applying to trade and investment between Australia and Malaysia in AANZFTA.

In addition, the Government considers that it is important that a review of the type proposed in the recommendation is used to provide input into the general review of the Agreement mandated by MAFTA within five years of entry into force and at least every five years thereafter unless otherwise agreed by the parties (Chapter 21—Final Provisions). This general review provides an avenue to identify and address any problems experienced by business in taking advantage of the Agreement and to seek to enhance MAFTA's contribution to increased economic integration of our two economies.

The Government will, therefore, undertake a review through the general review process provided for in the Agreement. The first general review of MAFTA will provide a basis for an initial assessment of the Agreement's implementation, which could be followed up at the subsequent five-yearly reviews. The Government will seek the views and input of stakeholders independent of the Government ahead of those reviews on the extent to which MAFTA is delivering expected outcomes, and seek input on areas where the Agreement's provisions could be enhanced. The nature of the review undertaken at each of these periods will be subject to discussion with Malaysia.
In addition to the general review, MAFTA contains other review mechanisms. For instance, MAFTA incorporates a requirement to establish an FTA Joint Commission. The FTA Joint Commission will meet annually, or as otherwise determined by the Parties, to review implementation and operation of MAFTA and, *inter alia*, to explore measures to improve MAFTA and to expand trade and investment between the two parties (Chapter 19—Institutional Provisions). Certain chapters in the Agreement also contain their own specific review provisions. For example, the Rules of Origin Chapter provides for review of the provisions of that Chapter within three years of the entry into force of the Agreement. The Services Chapter provides for a review of commitments on trade in services to be undertaken within three years of entry into force and thereafter every five years.

Additional review provisions are contained in side letters to the Agreement that provide for reviews on the inclusion of labour and environment provisions and on customs duties and other charges applied to certain alcoholic beverages no later than two years after the entry into force of the Agreement.

**Recommendation 3: The Committee supports the Malaysia-Australia Free Trade Agreement done at Kuala Lumpur on 22 May 2012 and recommends that binding treaty action be taken.**

This recommendation was implemented by the former Government and MAFTA entered into force on 1 January 2013.

1 Vienna Convention on the Law of Treaties (Vienna, 23 May 1969), Article 18

**BUDGET**

**Consideration by Estimates Committees**

**Senator BUSHBY** (Tasmania—Government Whip in the Senate) (15:44): On behalf of the respective chairs, I present additional information received by committees relating to the following estimates:

**Additional estimates 2013-14**—

- Economics Legislation Committee—Additional information received between 15 May and 16 July 2014—Treasury portfolio.
- Education and Employment Legislation Committee—Additional information received between 18 June and 17 July 2014—Education portfolio.
- Foreign Affairs, Defence and Trade Legislation Committee—Additional information received between 15 May and 16 July 2014—Defence portfolio.

**Budget estimates 2014-15**—

- Economics Legislation Committee—Additional information received between 24 June and 16 July 2014—Industry portfolio.
- Education and Employment Legislation Committee—Additional information received between 25 June and 16 July 2014—
  - Education portfolio.
  - Employment portfolio.
- Environment and Communications Legislation Committee—Additional information received between 27 June and 16 July 2014—Environment portfolio.
- Foreign Affairs, Defence and Trade Legislation Committee—Additional information received between 25 June and 16 July 2014—Defence portfolio.
COMMITTEES

Education and Employment References Committee

Additional Information

Senator BUSHBY (Tasmania—Government Whip in the Senate) (15:44): On behalf of Senator Lines, I present additional information received by the Education and Employment References committee on its inquiry into the technical and further education system in Australia.

Publications Joint Committee

Report

Senator BUSHBY (Tasmania—Government Whip in the Senate) (15:44): On behalf of the Chair of the Publications Committee, I present the seventh report of the Publications Committee.

Ordered that the report be adopted.

DOCUMENTS

Tabling

The Clerk: Documents are tabled pursuant to statute. Details will be recorded in the Journals of the Senate and on the Dynamic Red.

Details of the documents also appear at the end of today’s Hansard.

COMMITTEES

Select Committee into the Abbott Government's Budget Cuts

Legal and Constitutional Affairs Legislation Committee

Membership

The DEPUTY PRESIDENT (15:45): Order! The President has received a letters from party leaders requesting changes in the membership of various committees.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (15:45): by leave—I move:

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

Abbott Government’s Budget Cuts—Select Committee

Appointed—Senators Canavan, McGrath and Smith

Legal and Constitutional Affairs Legislation Committee

Appointed—

Substitute member: Senator Di Natale to replace Senator Wright for the committee’s inquiry into the Medical Services (Dying with Dignity) Bill 2014

Participating member: Senator Wright.

Question agreed to.
BILLS

Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014
Returned from the House of Representatives
Message received from the House of Representatives returning the bill without amendment.

COMMITTEES

Australian Commission for Law Enforcement Integrity Committee
Law Enforcement Committee
Membership
Message has been received from the House of Representatives notifying the Senate of changes in the membership of the following committees: the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity and the Parliamentary Joint Committee on Law Enforcement.

BILLS

Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2014
Fair Work (Registered Organisations) Amendment Bill 2014
Meteorology Amendment (Online Advertising) Bill 2014
National Health Amendment (Pharmaceutical Benefits) Bill 2014
Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014

First Reading
Bills received from the House of Representatives.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (15:47): I indicate to the Senate that these bills are being introduced together. After the debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

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

Second Reading

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (15:48): I table a revised explanatory memorandum relating to the Fair Work (Registered Organisations) Amendment Bill 2014 and move:

That these bills be now read a second time.
I seek leave to have the second reading speeches incorporated in Hansard.
Leave granted.
The speeches read as follows—
The establishment of a deep and liquid retail corporate bond market in Australia is a key priority for the Gillard Government. A well performing and efficient retail corporate bond market will provide an alternative funding source for Australian companies and increase competitive pressure on lending rates to businesses.

The bond market is a significant source of funds for many Australian financial and non-financial corporations. Correspondingly, this financing activity provides investment opportunities for both Australians and non-residents.

The Johnson Report, Australia as a Financial Centre: building on our strengths, examined the lack of liquidity and diversity in Australia's corporate bond market. It also discussed why this lack of liquidity was a significant weakness in the overall assessment of Australia's financial system. At the retail level, it was considered that one action the Government could take to overcome this weakness was to introduce regulatory changes that could assist with developing the market.

The Bill that is before the House today seeks to reduce the regulatory burden on issuers of corporate bonds, while at the same time ensuring that appropriate standards of consumer protection are maintained.

The introduction of Schedule 1 of the Bill follows the passage of the Government's legislation to facilitate retail trading in Commonwealth Securities (CGS) late last year. Having an active retail CGS is an important step in establishing a wider retail corporate bonds market by providing a visible pricing benchmark for retail investors in corporate bonds.

Schedule 1 to the Bill, delivers on the Government's commitment to reduce regulatory burdens and barriers for offers of corporate bonds to retail investors.

The measures in Schedule 1 enable companies to offer simple corporate bonds by releasing a shorter offer-specific prospectus as long as they have lodged a base prospectus with ASIC for the purpose of making an offer under the new 2-part simple corporate bond prospectus regime.

Schedule 1 of the Bill removes the civil liability that applies to directors and proposed directors for the offer of simple corporate bonds and provides clarification around the due diligence defence in respect to directors' criminal liability in offering corporate bonds.

Schedule 1 to the Bill also contains amendments to the Corporations Act to enable parallel trading of simple corporate bonds in the wholesale and retail markets.

The measures in Schedule 1 are another major initiative that the Government has delivered on in its long term commitment to encourage the development of a deep and liquid bond market in Australia. The measures provide companies with another source of fundraising and signal that it is their time to contribute to the development of Australia's corporate bond market.

The other measures in the Bill, contained in Schedule 2, amend the Corporations Act 2001 to define in the law terms 'financial planner' and 'financial adviser'. These amendments make it an offence for anyone to call themselves a financial planner or financial adviser, unless they are appropriately authorised under the Australian financial services licensing regime.

The amendments contained in Schedule 2 follow the passage of the Future of Financial Advice (FOFA) legislation last year. Key elements of the FOFA reforms include the imposition of a statutory best interests duty on financial advisers, two-yearly opt-in arrangements and annual fee disclosure statements, and a ban on the receipt of conflicted remuneration arrangements, including commissions.

The Government is committed to increasing investor protection and improving consumer confidence in the financial advice industry. This will provide the financial advice industry with a strong foundation for growth, as well as empowering Australians to obtain good quality advice about managing their
wealth. The Government has delivered on its commitment through the FOFA reforms, and continues to deliver on its commitment with the Bill before the House today.

On 22 March 2012, I announced to Parliament that the Government intended to introduce legislation enshrining the terms 'financial adviser' and 'financial planner' in law by 1 July 2013. These amendments deliver on my earlier commitment. Schedule 2 to the Bill will commence on 1 July 2013 (or after the Royal Assent, if that occurs later), concurrently with the FOFA reforms.

By legislatively defining the terms 'financial planner' and 'financial adviser', the amendments enable consumers to be able to easily identify genuine financial product advice providers. By preventing anyone who is not a qualified financial planner or financial adviser from telling consumers that they are, the amendments make it easier for consumers to know who to trust with their financial affairs. The measures contained in Schedule 2 of the Bill strengthen protections for consumers.

Importantly, the amendments will help protect consumers from unlicensed persons such as 'property spruikers' who hold themselves out to be genuine providers of financial advice when they are not.

The amendments will ensure that the regulation of financial advisers and planners is consistent with other professions such as stockbrokers, where similar restrictions already exist.

Schedule 2 to the Bill makes it an offence for a person to hold themselves out to be a financial planner or a financial adviser unless they are authorised to provide financial product advice under the Australian financial services licence (AFSL) regime. Schedule 2 also makes it an offence to use terms of similar importance, so that unlicensed persons will not be able to get around the legislation by using similar terms.

Schedule 2 also allows the Government to make regulations prescribing other terms that a person must have an AFSL to use. This means that if individuals or companies start using particular terms to mislead consumers, the Government will be able to respond quickly by restricting the use of these terms.

People acting in breach of these requirements face penalties of up to 10 penalty units for individuals for every day the contravention occurs, and 50 penalty units per day for corporations.

I note that the measures in Schedule 2 have been developed in consultation with the financial services industry. Key industry bodies are supportive of the amendments. For example, the Financial Planning Association of Australia is of the view that the amendments "will provide greater consumer certainty and protection and further enable the transition of financial planning into a universally respected profession". The Association of Financial Advisers has said that they believe that this legislation "is good for financial advisers and also for the consumers who rely on financial advice", because "consumers deserve to have clarity with respect to who they are seeking advice from".

I note that there are separate, though related, amendments that are being made to the Tax Agent Services Act 2009.

In summary, the amendments contained in Schedule 2 will improve consumer trust and confidence in the financial advice industry. Australian consumers are entitled to be able to easily distinguish between genuine, authorised providers of financial product advice and unlicensed persons such as 'property spruikers' who do not have their clients' best interests at heart. The measures contained in Schedule 2 of the Bill empower consumers to make that distinction.

I commend the Bill to the Senate.

FAIR WORK (REGISTERED ORGANISATIONS) AMENDMENT BILL 2014

The Government remains staunchly committed to improving protections for members of registered organisations by implementing the comprehensive plan to enhance the governance and accountability of registered organisations. To be very clear, this Bill enacts a Coalition policy that was first released in April 2012—more than two years ago.
This is why we are reintroducing the Fair Work (Registered Organisations) Amendment Bill that was
down by Labor Party and the Greens in the Senate a month ago. By voting against the legislation,
they have demonstrated a refusal to support greater accountability and transparency for registered
organisations. They have voted against improved protection for union members and have thereby given
the green light to more exploitation of honest union members by dishonest union officials. They have
also voted against a clearer and simpler reporting framework that would assist both unions and
employer associations to comply with the framework.

The absolute need for this legislation almost goes without saying—the rorts, the rackets and the rip-
offs have been in the media on an almost daily basis and the wider community is strongly in favour of
these reforms.

Until this Parliament acts, Australia won't have a sufficiently robust system to ensure that the sort of
corruption that was revealed during the numerous scandals can be uncovered and eradicated before it
becomes systemic as it did in the infamous HSU case. It is simply no longer tenable to argue that the
present system is adequate to deal with or discourage this kind of behaviour.

Unions and employer associations play a critical role in the workplace relations system and the
economy more broadly, and their members invest a great deal of trust in them. The community
expectation is that these registered organisations will operate to the highest of standards. These
organisations are given special legislated rights. With rights come responsibilities.

The government believes that the majority of registered organisations do the right thing and in many
cases maintain higher standards than those that are currently required. However, the investigations into
the Health Services Union and the allegations that are coming to light through the Royal Commission
illustrate that, unfortunately, financial impropriety can and does occur under the current governance
regime and indeed that there is a rotten underbelly in some of these organisations. Let's be clear—
loopholes have been identified and they need to be closed.

The Fair Work (Registered Organisations) Amendment Bill will provide the certainty and high
standards of operation that members of registered organisations and the broader community rightfully
expect.

The Bill introduces a suite of legislative measures designed to see governance of registered
organisations lifted to a consistently high standard across the board. A more robust compliance regime
will deter wrongdoing and promote first-class governance of registered organisations.

Members of unions and the community not only want a strong regulatory regime but also want swift
action taken when standards are breached. In order to do this, it is necessary to have a robust regulator
in place with appropriate powers and resources, together with meaningful sanctions that can be applied
when wrongdoing is revealed.

To improve oversight of registered organisations, the Bill will establish the Registered Organisations
Commission, a dedicated independent watchdog with enhanced investigation and information-gathering
powers to monitor and regulate registered organisations. The new commission will have the necessary
independence and the powers it needs to regulate registered organisations effectively, efficiently and
transparency.

The Commission will have stronger investigation and information-gathering powers than those that
currently apply. These will be modelled on those available to the Australian Securities and Investments
Commission. The Commission will have the power to commence legal proceedings and refer possible
criminal offences to the Director of Public Prosecutions or law enforcement agencies.

The Commission will also educate, assist and advise registered organisations and their members in
relation
to the new obligations and ensure members are aware of their rights.
The Commission will be established within the Office of the Fair Work Ombudsman. While located within this Office, the Commissioner will have independence in the exercise of the relevant functions and powers under the law, and the authority to direct staff in relation to the performance of those functions. A special financial account will also be established for the Commission to ensure financial independence, and the Commissioner will have responsibility for day-to-day management of the account. The special account cannot be used, as has been suggested by some parties, to raise revenue through collection of monies related to penalties applied to registered organisations and their officers.

The Commission will be required to report to the Minister for Employment annually on its activities, and that report will be tabled in Parliament. The Commissioner will appear at Senate estimates. The activities of the Commission will also be subject to the same oversight by the Commonwealth Ombudsman as Commonwealth agencies. This will ensure the appropriate level of transparency and public accountability.

The bill also provides for information sharing between the Fair Work Commission and the Registered Organisations Commission to the extent that is required for both organisations to do their job effectively and efficiently. This is required, as several administrative tasks relating to registered organisations will continue to be the responsibility of the General Manager of the Fair Work Commission.

Transitional arrangements have been included in the Bill to ensure any ongoing matters being dealt with by the Fair Work Commission relating to registered organisations can be transferred to the Registered Organisations Commission.

This Bill will also strengthen existing financial transparency obligations for registered organisations and officers. It is entirely appropriate to expect a high standard of financial reporting from our registered organisations, given the trust members place in their unions and employer associations to operate honestly and to use the funds derived from their membership fees to represent their interests rather than for ulterior purposes. Registered organisations have substantial economic, legal and political influence. It is clearly inconsistent with community expectations for such organisations to operate to lower standards than those that apply to corporations or other comparable bodies.

Mr Thomson, Mr Williamson and the unfolding allegations arising out of the Royal Commission have shown us that the existing regulation does not sufficiently protect members’ interests. Unfortunately, there will always be less scrupulous individuals who will seek to take advantage of their positions when standards of accountability and the risk of getting caught are too low. In the face of this kind of behaviour, a strong message needs to be sent to discourage wrongdoing by officers and to rebuild the confidence of members and the community. These measures, however, will have little impact if the penalties for wrongdoing are not high enough to act as a deterrent.

Currently, registered organisations and officers do not face the same consequences as companies and directors for wrongdoing. That is why the government is introducing higher civil penalties and a range of criminal penalties for organisations and officials who are found by courts of law to have done the wrong thing. These penalties are consistent with those faced by companies and directors who break the law. In relation to civil penalty breaches, the maximum penalty for serious contraventions will be $204,000 for an individual or $1,020,000 for a body corporate. This will apply to serious contraventions. What will constitute a serious contravention is defined in the Bill. Other breaches will face a maximum civil penalty of $17,000 for an individual or $85,000 for a body corporate. By way of comparison, the current maximum penalties for even the worst misbehaviour are only $10,200 for individuals.

Let me be very clear, it is the Government’s expectation that the highest of penalties will be rarely be handed out but it is important that the Courts have the ability to hand down strong penalties should the
crime deserve it. We know that the Courts have had an issue with the current framework with Federal Court Judge Anthony North making almost unprecedented comments last year, saying:

"The penalties [under the current Act] are rather beneficially low...beneficial to wrongdoers."

This Bill will also give the Federal Court the power to disqualify an officer from holding office where a civil penalty provision has been contravened and the court is satisfied that disqualification is justified.

Criminal penalties are being introduced for serious breaches of officers' duties as well as offences in relation to the conduct of investigations under the Registered Organisations Act. The maximum penalties in these areas are $340,000 or five years imprisonment or both and again will be handed down by a court which will use its discretion.

Broadly, these offences relate to officers and employees of registered organisations who fail to exercise their powers or discharge duties in good faith and for a proper purpose. They also apply where an officer uses their position to gain advantage for themselves or someone else or uses information gained while an officer or employee to gain an advantage for themselves or someone else.

Some registered organisations have indicated concern that the new penalties will mean that they will have difficulty persuading people to take on official responsibilities. The government does not agree. The only people who have anything to fear are those who do the wrong thing. Officers who are operating within the law, which is the overwhelming majority of them, will have no reason to fear taking on official responsibilities. The overwhelming number of officers who are already doing the right thing should be comforted in knowing that the unlawful behaviour will be dealt with, thus ensuring ongoing member confidence in registered organisations as a whole. There should be no difference between the penalties levied against a company director who misuses shareholders' funds and a registered organisations boss who misuses members' money.

I recognise the broad community consensus for the government's amendments, including from one of Australia's most prominent union bosses, Mr Paul Howes, the outgoing head of the Australian Workers Union, who told the ABC on 26 November 2012:

I actually believe there is a higher responsibility for us as guardians of workers' money to protect that money and to act diligently and honestly. The reality is I do not have any issue with increasing the level of requirements and penalties on trade unions for breaching basic ethics like misappropriation of funds.

Anyone in this place who has regard for the best interests of members of registered organisations and the protection of their hard-earned contributions will support this Bill. The refusal of the Labor Party and Greens to support the Bill as introduced in November 2013 is delaying the government's attempts to protect honest union members.

The government believes the Bill sets an appropriately high standard for the governance and regulation of registered organisations. It responds to the legitimate concerns of members of registered organisations and the community as a result of the shocking behaviour of certain Health Services Union officials and allegations arising out of the Royal Commission into Trade Union Governance and Corruption. Only those officers who do the wrong thing have anything to lose from these changes. Members of registered organisations and the community have everything to gain.

METEOROLOGY AMENDMENT (ONLINE ADVERTISING) BILL 2014

The Meteorology Amendment (Online Advertising) Bill 2014 (the Bill) amends the Meteorology Act 1955 (Cth) to provide certainty in relation to the Director of Meteorology's powers to include advertising in connection with the Bureau of Meteorology's services and determine the types of advertising that the Bureau displays.

The Bureau of Meteorology is relied upon everyday by the Australian community to deliver accurate and timely information, particularly during events where life and property are at risk. The introduction
of online advertising followed the 2011 Munro Review of the Bureau's capacity to respond to future extreme weather and natural disaster events and to provide seasonal forecasting services. The Review recommended that options be explored to obtain revenue from advertising on the Bureau's highly popular website.

Advertising on the Bureau's website was trialled for 12-months in 2012-13, and became a permanent measure from 1 July 2013, after being announced in the 2013-14 Budget.

This amendment to the Meteorology Act will remove any doubt to make it explicitly clear that the Bureau of Meteorology can accept paid advertising, allowing the Bureau to further diversify its sources of funding.

It will also require the Director of Meteorology to develop and publish guidelines on the types of advertising that the Bureau will display. This will allow the Director to prohibit advertising that is considered to not be in the Commonwealth's or the Bureau's interests. It is expected that the Director's guidelines will be based on the Bureau's existing Online Advertising Policy, which was developed and published during the advertising trial and is founded on existing industry advertising laws, regulations and codes of conduct.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS) BILL 2014

The National Health Amendment (Pharmaceutical Benefits) Bill 2014 implements the decision announced in the 2014-15 Budget to increase patient co payments and safety net thresholds for the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS).

It is another example of this Government protecting the best interests of Australians and making the decisions necessary to improve Australia's budget position into the future.

The PBS and RPBS are key components of our health services and are a major investment in the health of Australians. In the ten years to 2012 13, the cost of the PBS has increased by 80 per cent. At a current cost of around $9 billion per year, and with annual growth over the longer term expected to be between four and five per cent, these Schemes won't be sustainable without responsible management.

**Why the changes are needed—PBS costs and new listings**

Australia's health system is demand driven. The pressure to provide access to more services, more medicines and more expensive technologies is always increasing.

There is a continual pipeline of complex and expensive new medicines delivering more targeted and more personalised treatments. Since coming to Government, the Coalition has listed or expanded the listings of 181 medicines on the PBS. Medicines are being listed twice as fast as under the former Labor government.

The additional cost of advances in treatment, together with the ongoing cost of medicines for chronic conditions, means expenditure for our health system is growing faster than Government and tax-payers can sustain.

If the PBS is to grow in a sustainable way, we need a whole-of-community approach and we all need to contribute—something successive governments have recognised since co-payments for the PBS were first introduced in 1960.

Earlier this year, this Government approved new listings for medicines with an expected cost to the PBS of $436 million. These listings include treatments for breast cancer, melanoma and multiple sclerosis, some of which cost tens of thousands of dollars per patient.

At its March 2014 meeting, the Pharmaceutical Benefits Advisory Committee (PBAC) recommended a further $550 million in new listings. In July this year, the PBAC will consider applications for new PBS listings worth up to a further $3.6 billion. Funding for new listings is not factored into the forward estimates. It is new money that this Government must find every four months to provide access to those medicines, something we have committed to do.
But we cannot do that and contain spending without more help, a greater contribution from all Australians who benefit from the PBS.

The changes proposed in the Bill are expected to contribute savings to the Government for the PBS and RPBS of around $1.3 billion over four years. They will provide a check on the rate of growth in PBS expenditure. They do not cut funding for the PBS.

We still expect that the PBS will grow, but more sustainably, from $9.2 billion in 2013-14 to $10.2 billion in 2017-18.

**Changes to co-payments—general patients**

Under the changes commencing 1 January 2015, there will be a one-off increase in patient co-payment amounts for pharmaceutical benefits prescriptions. This increase will apply in addition to the usual annual Consumer Price Index (CPI) adjustment which occurs on 1 January each year.

The co-payment for general patients, which is currently $36.90, will increase by $5 in addition to CPI. On average, general patients use two PBS-subsidised prescriptions per year. So, for an average user, the additional cost from 2015 would be $10 per year.

**Under co-payment general patient prescriptions**

The increase in the general co-payment will not affect the cost to consumers for many commonly used medicines. Because the co-payment amount is the maximum that a person needs to pay under the PBS, when the price of a prescription is less than the co-payment, the consumer pays the lesser amount.

Medicines priced at less than the general co-payment already account for more than 40 per cent of PBS listings, and over 70 per cent of general patient PBS prescriptions. By the time the co-payment changes come into effect, more than 55 per cent of listings are expected to be below the general co-payment amount. These listings include medicines used to treat high blood pressure, high cholesterol, type 2 diabetes, gastric ulceration, and skin conditions. As competition in the market continues to bring prices down, those reductions are reflected in the prices paid by consumers, as well as by Government.

**Changes to co-payments—concessional**

For individuals and families who access pharmaceutical benefits at the concessional level, including veterans and their dependents under the RPBS, the co-payment, which is currently $6, will increase by 80 cents in addition to CPI.

People with concessional benefits use, on average, 17 prescriptions each year. So under these new arrangements, they will pay an extra $13.60 per year for their subsidised medicines.

The Government is asking concessional patients to contribute an extra 80 cents for prescriptions which cost on average $43.50. It will also be only an extra 80 cents for medicines such as the cancer treatments, everolimus and dabrafenib, that cost over $5,500, and $8,700 per prescription respectively.

**PBS and RPBS safety nets**

Along with the co-payment changes, there will be parallel changes in PBS safety nets.

Safety net arrangements help to protect people who require a lot of medicines from high out-of-pocket costs. For all users of the PBS and RPBS, once the safety net threshold is reached, the co-payment amount is reduced for prescriptions required for the rest of the calendar year. For general patients, the co-payment reduces to the concessional amount, and for concessional patients, the co-payment is reduced to zero.

**Changes to safety nets—general**

Under the proposed changes, the general safety net, which is currently $1,421.20, will increase by ten per cent of the safety net plus annual CPI indexation, on 1 January each year from 2015 until 2018. From 1 January 2019, only annual CPI indexation will apply.
General patients who are high medicine users will pay around $145.30 more in 2015 before reaching the new safety net threshold—and thereafter will only pay the concessional co-payment to access subsidised medicines for the remainder of the calendar year.

**Changes to safety nets—concessional**

The concessional safety net, which is currently equivalent to co payments for 60 prescriptions ($360), will increase by two prescriptions on 1 January each year from 2015 to 2018. The resulting concessional safety net thresholds will be 62 prescriptions in 2015; 64 in 2016; 66 in 2017; and 68 in 2018.

Concessional patients who are high medicine users will pay around $61.80 more in 2015 before reaching the new safety net threshold—and thereafter will receive all their PBS and RPBS subsidised medicines for free for the remainder of the calendar year.

**Operation of safety nets—and family example**

Importantly, the same general or concessional safety net applies to individuals, couples and families. The safety net can be tallied separately for an individual or combined where the cost of medicines for couples or family members needs to be met from the same household budget.

For example, in 2015, a low income family of two adults and two children, who hold a concession card and obtain 72 prescriptions per year between them, will pay $61.80 more than in 2014 before they reach the safety net threshold. But once they reach the safety net, they will get the rest of their PBS prescriptions for that calendar year for free—that's 10 scripts for free—whether it be the $43.50 medicine or the $5,500 medicine or the $8,700 medicine, it will be provided to them at no cost.

**Changes to concessional contributions for Closing the Gap**

The changes in the Bill will also apply for patient contributions charged at the concessional rate for the Closing the Gap PBS Co payment Measure. Under the Closing the Gap arrangements, eligible Aboriginal and Torres Strait Islander consumers who would otherwise pay the general co-payment for PBS prescriptions, pay at the concessional rate. Eligible concessional patients receive their PBS medicines for free.

**Patient contributions as one element of effective PBS management**

The Government has inherited an enormous debt from the former Labor Government and is determined to ensure that health services are sustainable, are used efficiently, and are available for future generations.

The PBS model requires that medicines undergo evidence-based assessment of clinical and cost effectiveness, be listed only on the recommendation of our expert advisory committee, and be subject to comparative and competitive pricing.

Good management of the Scheme also relies on the innovative products supplied by a strong medicines industry, and the quality care provided by Australia's wide network of community pharmacies.

And since 1960, successive governments have continued to recognise that patient contributions are part of responsible management of the PBS. Indeed it was a Labor Government that introduced a $2.50 patient contribution for pensioners in 1991 and a Labor Government that increased the co-payment for general payments by 100%, from $5 to $10 in 1985.

It has been fair in the past, and it is fair now, to slightly increase the cost for consumers, given the increase in the cost of the PBS over the last 10 to 15 years and the number of very expensive drugs which will be listed in the future.

**Conclusion—Savings for new listings and the medical research future fund**

Demand for the PBS will continue to grow, and we want to list medicines quickly. The expense of the latest treatments is a major cost driver for the PBS. Recent PBS listings include medicines with a
cost per patient per year of up to $110,000 for the treatment of melanoma; around $38,000 for advanced breast cancer; $27,000 for prostate cancer; and up to $17,000 for macular degeneration. As more high cost medicines are listed, and more patients require access to these treatments, the cost to taxpayers will increase.

By asking consumers to share in that cost, we can build a sustainable PBS that can continue to make otherwise prohibitively expensive treatments affordable for all Australians.

Importantly, this measure will also help to support future development of the types of innovative medicines people are seeking today. We will always be looking to prevent and treat illness and manage conditions that challenge us now.

And our medical researchers have led the way, from Howard Florey to Sir Gustav Nossal and from Fiona Stanley to Ian Frazer. Australians have, through research and innovation, saved millions of lives, not just here but around the world.

Savings will contribute to the $20 billion capital protected Medical Research Future Fund. When fully mature, it will add $1 billion to the resources available for medical research every year and for generations to come. The fund will provide more opportunities for world class Australian researchers to undertake basic and applied research and to test their results in clinical trials in this country. This investment is a huge step forward for Australia and will bring considerable health and economic benefits to our nation.

The changes in this Bill will strengthen the PBS while preserving all the features that make it such a valued part of Australia’s health system.

SOCIAL SECURITY LEGISLATION AMENDMENT (STRONGER PENALTIES FOR SERIOUS FAILURES) BILL 2014

Today I introduce the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014 to strengthen the job seeker compliance framework.

It has long been a feature of our welfare system that job seekers in receipt of income support are asked to do certain activities in return for that taxpayer-funded benefit.

This includes actively looking for work, undertaking activities to improve their job prospects and taking up a suitable job offer.

The Coalition Government firmly believes in the importance of this mutual obligation.

Our recent Budget contained a number of measures to strengthen the mutual obligation and job seeker compliance frameworks.

The Bill I present today gives effect to the Budget measure to tighten the rules for job seekers who refuse a job, or persistently fail to meet their requirements.

This Bill will help to restore the integrity of our welfare system and ensure that available resources are used efficiently and effectively.

The Coalition understands that most job seekers in receipt of income support do the right thing by the taxpayer.

Most job seekers want to work and make the effort to find and keep a job.

However, there are some job seekers who do not meet their mutual obligation requirements and are abusing the system.

The former Labor Government encouraged this poor behaviour by weakening the rules regarding the application of penalties for serious failures.

Serious failures include refusing a job or persistent non-compliance in meeting participation requirements.
Currently, a non-payment period of eight weeks may be applied in cases of a serious failure.

However, the changes introduced by Labor allowed people to waive the penalties for a serious failure simply by doing additional activities, such as more intensive job search.

In 2012-13, there were 1,718 serious failures for refusing a job and of these, the penalty was waived in 68 per cent of cases.

In that same year, there were 25,286 serious failures for repeated non-compliance and of these, the penalty was waived in 73 per cent of cases.

And of those waived, nearly one-third were for a job seeker's second or third episode of non-compliance.

These penalties were waived not because the job seekers were vulnerable or the jobs were unsuitable, but simply because the job seeker elected to do an intensive activity instead.

The Coalition believes that the changes introduced by Labor have undermined the integrity of the job seeker compliance system.

The ability to continually waive the penalty means that job seekers who commit a serious failure can avoid the financial consequences of their actions, and continue to receive income support, despite their poor behaviour.

This is not right.

It is important there are stronger deterrents in our system for those job seekers who abuse the system.

As I said, most job seekers do the right thing but some job seekers deliberately choose to avoid their responsibilities.

This Bill will ensure that the existing financial penalties for more serious failures are applied more rigorously and in keeping with community expectations.

The Government does not believe it is appropriate for a job seeker to refuse a suitable job and remain on welfare.

Anyone in receipt of a taxpayer-funded income support payment should be prepared to accept any legitimate, suitable work that they are capable of doing.

This Bill will ensure that all job seekers who refuse an offer of suitable work - or fail to accept a suitable job - are required to serve their eight week non-payment period.

Job seekers in these cases will not be permitted to have their penalty waived through participation in intensive activities.

It will remain the case that job seekers will not be forced to take work that is clearly beyond their work capacity and that individual circumstances, such homelessness, will still be taken into account.

Some job seekers also fail to meet expectations with regard to participating in activities designed to improve their job prospects, such as meeting with their employment service providers or participating in activities.

Where a person is persistently and wilfully non-compliant in meeting these requirements then a non-payment penalty of eight weeks may be applied.

Unfortunately, the changes introduced by Labor also allowed this penalty to be waived through participation in intensive activities.

This means that there is now no meaningful consequence for people who are repeatedly non-compliant.

The absence of a real financial penalty for this group of job seekers means that people have no real incentive to change their behaviour for the better.
This Bill limits the number of times a job seeker may have the penalty for persistent non-compliance waived.

In the future, job seekers will only be allowed to have this penalty waived once through participation in an intensive activity.

This is consistent with the original intent of the waiver provisions which was to encourage job seekers to re-engage with their employment services provider and resume their participation activities.

By limiting this waiver to one occasion only, job seekers will be provided with a clearer incentive to fully meet their participation requirements into the future.

**Conclusion**

The Government knows that there is little tolerance in the broader community for job seekers who repeatedly flout the rules.

Stakeholders, including social welfare groups, have been clear in their dealings with me that resources must be directed to those job seekers who do the right thing.

There are simply not enough resources to allow money to be provided to those job seekers who are not prepared to help themselves.

The changes I have outlined today will save $20.5 million over five years.

This is money that is better spent on repairing Labor's Budget mess and meeting other priorities.

The changes in this Bill are only targeted at that cohort of job seekers who refuse a suitable job without reasonable grounds and those who are wilfully and persistently non-compliant.

Those job seekers who do the right thing have nothing to worry about.

I trust that those opposite will support this Bill.

After all, it was the Member for Adelaide, as Minister for Employment Participation, who said:

"A strengthening of the compliance system will mean that more job seekers are actively engaging in work experience activities, in training and in participation programs, so that they can find and keep a decent job…"

This is exactly what our Bill seeks to achieve: more job seekers meeting their mutual obligation requirements and moving from welfare to work.

This Bill will assist the Government to ensure the integrity of our income support system by ensuring that the penalties for serious failures are applied more rigorously.

The Bill underscores this Government's commitment to reinvigorating mutual obligation, consistent with taxpayer expectations.

Ordered that further consideration of the second reading of these bills be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

Ordered that the bills be listed on the *Notice Paper* as separate orders of the day.

**Asset Recycling Fund Bill 2014**

**Asset Recycling Fund (Consequential Amendments) Bill 2014**

*In Committee*

Debate resumed.

**The CHAIRMAN** (15:49): The committee is considering the Asset Recycling Fund Bill 2014 and a related bill as amended. The question now is that subclause 13(2) and subclauses 34(4) to (6) of the Asset Recycling Fund Bill 2014 stand as printed.
The committee divided. [15:54]
(The Chairman—Senator Marshall)

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

AYES

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D
Macdonald, ID
McGrath, J
Nash, F
Parry, S
Reynolds, L
Ryan, SM
Seselja, Z
Williams, JR

Bernardi, C
Bushby, DC (teller)
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Leyonhjelm, DE
Mason, B
McKenzie, B
O'Sullivan, B
Payne, MA
Ruston, A
Scullion, NG
Sinodinos, A

NOES

Bilyk, CL
Bullock, J.W.
Carr, KJ
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lambie, J
Lines, S
Ludwig, JW
Marshall, GM
McLachlan, J
Muir, R
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Wang, Z
Whish-Wilson, PS

Brown, CL
Cameron, DN
Collins, JMA
Di Natale, R
Gallacher, AM
Ketter, CR
Lazarus, GP
Ludlam, S
Lundy, KA
McEwen, A (teller)
Moore, CM
O'Neill, DM
Policy, H
Rice, J
Singh, LM
Urquhart, AE
Waters, LJ
Wright, PL

PAIRS

Abetz, E
Brandis, GH
Ronaldson, M
Smith, D

Xenophon, N
Milne, C
Wong, P
Conroy, SM
Question negatived.

Senator CAMERON (New South Wales) (15:56): These amendments on clauses 18 and 24 on sheet 7486 are being moved together, and items (10) and (13) deliver transparency that is otherwise absent from the Asset Recycling Fund Bill 2014.

The CHAIRMAN: Would you like to seek leave to move them together and then move those amendments?

Senator CAMERON: I seek leave to do so.

Leave granted.

Senator CAMERON: I move these amendments on sheet 7486 together:

(7) Clause 18, page 17 (after line 23), at the end of subclause (1), add:

Note: See also section 21A.

(10) Page 19 (after line 24), at the end of Subdivision B, add:

21A Cost benefit analyses to be made public

If a direction is made under subsection 18(1) in relation to a grant for an infrastructure project, the Infrastructure Minister must:

(a) table in each House of the Parliament, within 14 sitting days of that House after the direction is made, a copy of the evaluation by Infrastructure Australia provided to the Minister under section 19; and

(b) within 14 days of the direction being made, ensure that the following information about the project is made available on the Infrastructure Department’s website:

(i) a description of the project;

(ii) when the project is to start and is likely to be completed.

Note: See also section 28A.

(11) Clause 24, page 20 (after line 26), at the end of subclause (1), add:

Note: See also section 28A.

(13) Page 22 (after line 28), at the end of Subdivision C, add:

28A Cost benefit analyses to be made public

If a direction is made under subsection 24(1) for the purposes of making infrastructure payments for an infrastructure project, the Infrastructure Minister must:

(a) table in each House of the Parliament, within 14 sitting days of that House after the direction is made, a copy of the evaluation by Infrastructure Australia provided to the Minister under section 25; and

(b) within 14 days of the direction being made, ensure that the following information about the project is made available on the Infrastructure Department’s website:

(i) a description of the project;

(ii) when the project is to start and is likely to be completed.

These amendments are identical and require the infrastructure minister to make public the supporting information behind the project that is approved for a grant or payment. The infrastructure minister will be required to table the Infrastructure Australia evaluation in both houses of parliament within 14 days of approval. Further details of the project will also be required to be posted on the department's website. Consistent with Labor's approach in
government and in other bills before the parliament, through these amendments Labor will ensure that the evidence before the minister's funding decisions is open to the public. This includes cost-benefit analysis. This is consistent with concerns raised by many stakeholders. It is also consistent with coalition policy. Items (7) and (11) are consequential references.

If there is one thing that has been argued consistently for some years, that is the need for openness and accountability in relation to big infrastructure projects. If you look at what is happening with WestConnex at the moment in New South Wales, you will see that decisions have been made to go ahead with a multibillion-dollar project without any Infrastructure Australia overview or any Infrastructure Australia agreement, and with no cost-benefit analysis in place. So this is to deal with that. This is to make sure that the public are getting value for money. This is to make sure that there is openness in the infrastructure development of this country. It is absolutely essential that these amendments ensure that what is being done is in the national interest—not in the interests of the National Party and not in the interests of the Liberal Party, but in the interests of the nation. These are important amendments and go a long way to ensuring that we have transparency and accountability.

Given that it is coalition policy, I assume the coalition government will be supporting these amendments. These are important amendments that the public need to have in place to ensure that the public purse is well looked after, to ensure that there is no pork-barrelling going on and to ensure that experts deal with these issues and we do not do as we are doing in New South Wales at the moment, and that is career forward with a project like WestConnex which has no clear benefit, no analysis of the problems, does not look at how the problems can be dealt with and has no cost-benefit analysis.

Senator LUDLAM (Western Australia) (16:00): Mr Chairman, could you or Senator Cameron make clear which amendments Senator Cameron has batched together. The Australian Greens support the principle in the amendments that the Labor Party have brought forward that have been mysteriously omitted from the government's original bill. Senators will note that these amendments are entirely consistent with amendments we moved and successfully passed back to the other place a couple of weeks ago when we were debating Infrastructure Australia.

If provisions like these had been law before the last budget, it might have been possible to save the Commonwealth government from the expensive and embarrassing commitment of $925 million for the doomed Roe Highway extension in the southern suburbs of Perth and gargantuan budget commitments like that, particularly if they are screeching at every press conference that there is a budget emergency and that they cannot waste a cent of taxpayers' money, to these kinds of foolhardy projects that are very strongly opposed—and Senator Cameron named WestConnex and there is the east-west tunnel in Melbourne; they are right across the country. If we had these sorts of sensible provisions for transparency in place before the last budget was tabled we might have saved the government a lot of embarrassment and the taxpayer a lot of money. I am happy to support these amendments.

The CHAIRMAN: Senator Cameron, can you confirm which ones you moved.

Senator Cameron: It was amendments (7), (10), (11) and (13) on sheet 7486 to the Asset Recycling Fund Bill 2014.
Senator CORMANN (Western Australia—Minister for Finance) (16:02): The government does not support these amendments. These amendments only add red tape with no additional benefit and they risk delaying the delivery of critical infrastructure that will enhance the long-term productive capacity of the economy. The opposition's amendments are about increasing duplication and are disruptive of parliamentary processes. They stand in the way of the government building a stronger, more prosperous economy and investing in new infrastructure.

The CHAIRMAN: The question is that opposition amendments (7), (10), (11) and (13) be agreed to.

The committee divided. [16:07]

(The Chairman—Senator Marshall)

                      Ayes ......................36
                      Noes ......................29
                      Majority ...............7

AYES

Bilyk, CL
Bullock, J.W.
Carr, KJ
Di Natale, R
Gallacher, AM
Lambie, J
Leyonhjelm, DE
Ludlam, S
Lundy, KA
McEwen, A
Milne, C
Muir, R
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Wang, Z
Whish-Wilson, PS

                      Brown, CL
                      Cameron, DN
                      Dastyari, S
                      Faulkner, J
                      Ketter, CR
                      Lazarus, GP
                      Lines, S
                      Ludwig, JW
                      Marshall, GM
                      McLucas, J
                      Moore, CM
                      O'Neil, DM
                      Polley, H
                      Rice, J
                      Singh, LM
                      Urquhart, AE (teller)
                      Waters, LJ
                      Wright, PL

NOES

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ (teller)
Fifield, MP
Johnston, D
Mason, B
McKenzie, B
O'Sullivan, B
Payne, MA

                      Bernardi, C
                      Bushby, DC
                      Cash, MC
                      Cormann, M
                      Edwards, S
                      Fierravanti-Wells, C
                      Heffernan, W
                      Macdonald, ID
                      McGrath, J
                      Nash, F
                      Parry, S
                      Ronaldson, M

CHAMBER
In respect of the Asset Recycling Fund Bill 2014, I move opposition amendment (8) on sheet 7486:

(8) Clause 18, page 18 (lines 5 and 6), omit "Minister who recommended the specification of the grant (see section 19)", substitute "Infrastructure Minister".

This is a very simple amendment but an amendment that is simply common sense—that is, that we consolidate infrastructure approvals with the Minister for Infrastructure. There should not be too much of an argument on this. It simply says that infrastructure approvals are with the minister.

Senator LUDLAM (Western Australia) (16:10): If the government were to put it to us that this is effectively a drafting error that is being cleaned up, I would accept that. I do not know whether this was intentional or not. It is a common-sense amendment that the Australian Greens will support.

Senator CORMANN (Western Australia—Minister for Finance) (16:11): I will be talking to opposition amendments (8), (9) and (12) together, and I thought that Senator Cameron might want to seek leave to deal with them together. It is up to him.

The CHAIRMAN: No, that cannot occur.

Senator CORMANN: Okay. These amendments only add red tape with no additional benefit. This is an unnecessary additional process which will mean the states would have no confidence that the Commonwealth would make payments in accordance with already signed national partnership agreements. The government is confident that the current bill has robust accountability and governance arrangements. The coalition has already committed to Infrastructure Australia undertaking an assessment of cost-benefit analyses for our major investment decisions that receive Commonwealth funding of over $100 million. This includes the government's budget commitments. State governments will undertake their own cost-benefit assessments as part of decision-making processes to privatise assets and reinvest in new infrastructure. These are rightly matters for the states. It makes no sense to duplicate cost-benefit processes at a federal level. The proposal to use disallowance mechanisms against payments to the states would block or delay funding from the Asset Recycling Fund for critical infrastructure. This would dilute the incentives of the asset recycling initiative and set a precedent which would have serious impacts on Commonwealth-state relations. The Commonwealth government will assess whether asset sales and infrastructure projects are...
eligible for incentive payments based on the criteria in the national partnership agreement. These criteria were agreed by all state premiers and include that a clear net positive benefit can be demonstrated and that projects will enhance long-term productive capacity of the economy.

The CHAIRMAN: The question is that opposition amendment (8) on sheet 7486 be agreed to.

The committee divided. [16:17]

(The Chairman—Senator Marshall)

Ayes ...................... 36
Noes ...................... 29
Majority............... 7

AYES

Bilyk, CL
Bullock, J.W.
Carr, KJ
Di Natale, R
Gallacher, AM
Lambie, J
Leyonhjelm, DE
Ludlam, S
Lundy, KA
McEwen, A
Mline, C
Muir, R
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Wang, Z
Whish-Wilson, PS

NOES

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ (teller)
Fifield, MP
Johnston, D
Mason, B
McKenzie, B
O'Sullivan, B
Payne, MA
Ruston, A
Seselja, Z
Williams, JR

Bernardi, C
Bushby, DC
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Macdonald, ID
McGrath, J
Nash, F
Parry, S
Ronaldson, M
Ryan, SM
Sinodinos, A
Thursday, 17 July 2014  

SENATE  

5345  

PAIRS  

Collins, JMA  
Conroy, SM  
Hanson-Young, SC  
Wong, P  
Xenophon, N  

Abetz, E  
Reynolds, L  
Brandis, GH  
Smith, D  
Scullion, NG  

Question agreed to.  

Senator CAMERON (New South Wales) (16:19): I seek leave to have amendment (9) on sheet 7486 and amendment (12) on sheet 7486 joined for this amendment.  

The CHAIRMAN: To be honest, it would be easier for me to leave it the way it is, because both of those amendments are being sought to be amended and it would be neater if we could do them in separate batches. But I am in the hands of the committee.  

Senator LEYONHJELM (New South Wales) (16:20): Both of those are subject to amendments by me and I would be happy for them to be considered together, because the amendments relate essentially to the same thing.  

The CHAIRMAN: As long as we get leave for you to move your amendments to the amendments together as well. Is leave granted?  

Leave granted.  

Senator CAMERON (New South Wales) (16:22): In relation to the Asset Recycling Fund Bill 2014, I move opposition amendments (9) and (12) on sheet 7486 together:  

(9) Clause 19, page 18 (lines 7 to 16), omit the clause, substitute:  

19 Recommendations about grants payments  

(1) The Finance Minister must not make a direction under subsection 18(1) in relation to a grant for an infrastructure project unless the Infrastructure Minister has recommended that a direction be made.  

(2) The Infrastructure Minister must not make a recommendation under subsection (1) in relation to a grant for an infrastructure project if:  

(a) capital expenditure on the project is $100 million or more; and  
(b) Infrastructure Australia has not done both of the following:  

(i) given the Minister an evaluation of the project (see subsection (3));  
(ii) advised that there are likely to be productivity gains from the project.  

(3) Infrastructure Australia's evaluation of an infrastructure project mentioned in subsection (2) must:  

(a) contain a cost benefit analysis of the project, including an estimate of the productivity gains from the project; and  
(b) set out any other matter that Infrastructure Australia considers relevant to the project.  

(4) The Infrastructure Minister must not make a recommendation under subsection (1) in relation to a grant for an infrastructure project if:  

(a) the grant is for expenditure incurred under the National Partnership Agreement on Asset Recycling; and  
(b) the grant does not relate to a transaction that the Treasurer has approved by legislative instrument.  

(5) An approval under paragraph (4)(b) must specify the State-owned assets, or the parts of State-owned assets, to the sale of which the transaction relates.
Clause 25, page 21 (lines 4 to 7), omit the clause, substitute:

25 Recommendations about payments

(1) The Finance Minister must not make a direction under subsection 24(1) for the purposes of making infrastructure payments for an infrastructure project unless the Infrastructure Minister has recommended that a direction be made.

(2) The Infrastructure Minister must not make a recommendation under subsection (1) in relation to infrastructure payments for an infrastructure project if:

(a) capital expenditure on the project is $100 million or more; and
(b) Infrastructure Australia has not done both of the following:
   (i) given the Minister an evaluation of the project (see subsection (3)); and
   (ii) advised that there are likely to be productivity gains from the project.

(3) Infrastructure Australia's evaluation of an infrastructure project mentioned in subsection (2) must:

(a) contain a cost benefit analysis of the project, including an estimate of the productivity gains from the project; and
(b) set out any other matter that Infrastructure Australia considers relevant to the project.

(4) The Infrastructure Minister must not make a recommendation under subsection (1) in relation to infrastructure payments for an infrastructure project if:

(a) the payments are for expenditure incurred under the National Partnership Agreement on Asset Recycling; and
(b) the payments do not relate to a transaction that the Treasurer has approved by legislative instrument.

(5) An approval under paragraph (4)(b) must specify the State-owned assets, or the parts of State-owned assets, to the sale of which the transaction relates.

Amendment (9) and amendment (12) are critical amendments that place proper processes around approvals given to projects by the infrastructure minister. These are preconditions to grants or payments from the Asset Recycling Fund, including under the Asset Recycling Initiative. That initiative proposes a Commonwealth contribution to a state or territory totalling 15 per cent of the reinvested proceeds from a privatisation. The bill provides no criteria for deciding how scarce Commonwealth funds will be prioritised to competing projects. Labor's amendment proposes to fix that. As the Parliamentary Library has noted in its Bills Digest, the strong selection criteria that Labor applied under the Building Australia Fund has not been replicated in this bill. As this bill proposes to empty out the BAF, these amendments will retain independent and transparent approval processes around project selection by requiring Infrastructure Australia to green-light projects of over $100 million in value. Good governance follows the money.

These amendments are also consistent with the Treasurer's intent to recycle privatisation proceeds into productivity-enhancing infrastructure. They are consistent with Labor's amendments to the Infrastructure Australia Amendment Bill and those we have moved for the Land Transport Infrastructure Amendment Bill. These amendments are also consistent with the broad call for independence and transparency of project advice from important stakeholders, such as the Business Council of Australia, Infrastructure Partnerships Australia, the Urban Development Institute, the Bus Industry Confederation, and the Tourism and
Transport Forum. These amendments align with the Productivity Commission's recent finding in its interim report on funding of public infrastructure.

This is one of the Productivity Commission's findings I agree with. It says:

The overriding message of this draft report is the need for a comprehensive overhaul of processes in the assessment and development of public infrastructure projects.

In the case of either a grant, item (3), or a payment, item (6), to a state, territory or other entity in respect of a project greater than $100 million in value, the infrastructure minister must first have received an evaluation of the project from Infrastructure Australia and advice from it that the project is likely to produce productivity gains. IA's evaluation must include a cost-benefit analysis of that project.

Additionally, for a project involving the privatisation of a state or territory owned asset and recycling of the proceeds into another asset, the infrastructure minister cannot recommend a project unless the Treasurer has approved the privatisation transaction as eligible for a Commonwealth contribution from the asset recycling fund. The mechanism for this approval will be via a disallowable instrument for each transaction. This proposed change reflects Labor's view that there are good and bad privatisations. Labor believes that the Commonwealth should not reward states, for instance, for selling assets in a fire sale or without adequate regulatory protections.

Senator LEYONHJELM (New South Wales) (16:25): by leave—I move amendments (1) and (2) on sheet 7532 together:

(1) Amendment (9), subclauses 19(4) and (5), omit the subclauses.
(2) Amendment (12), subclauses 25(4) and (5), omit the subclauses.

The effect of these two provisions, (9) and (12), in Senator Cameron's amendment on sheet 7486, is to put into legislation a requirement for evaluation of infrastructure projects by Infrastructure Australia—projects of $100 million or more that are funded from the asset recycling fund. That evaluation includes, in particular, cost-benefit analysis. I support that provision.

The agreement between the Commonwealth and the states already agrees that cost-benefit analysis be done, and both sides of politics have a view that Infrastructure Australia is relatively independent. That is a necessary condition, I think, for projects of $100 million or more. We are talking about taxpayers' money here. I have heard the government talk many times about the NBN and the absence of a cost-benefit analysis. It is very important that investments of this size have cost-benefit analysis. However, there is also a provision for Commonwealth funding for projects under the asset recycling fund to require approval by legislative instrument. I oppose this provision as funded projects should not be limited to projects approved by the Senate. That unnecessarily politicises it. My argument is that a cost-benefit analysis is required. I am concerned that, without that, the potential for pork-barrelling exists. Bringing it back to the Senate for approval is unnecessary politicisation.

Senator LUDLAM (Western Australia) (16:27): I might speak to both of Senator Leyonhjelm's amendments since they have been put as amendments to Senator Cameron's amendments. I will indicate the Australian Greens position on them both at the same time, just to save a bit of time. With respect to Senator Leyonhjelm's acknowledgement that there needs to be transparency, and therefore agreeing with some of what Senator Cameron has
produced, we strongly agree that there needs to be a much greater degree of transparency, but the Australian Greens go further. When we talk about transparency, it is not simply about tabling inadequate documents; it is about giving this chamber the opportunity to review some of those decisions, which come at enormous cost to taxpayers. Quite frankly, this is an expression, in my view, of distrust in the way that this government is handling infrastructure disbursements and the way that the former Howard government handled them—basically parachuting vast—

Senator Ian Macdonald: But the Gillard government was fine.

Senator LUDLAM: Senator Macdonald, that is a useful interjection. Ms Gillard and Prime Minister Rudd introduced Infrastructure Australia to prevent you and your colleagues, through you, Chair—

Honourable senators interjecting—

The CHAIRMAN: Order! I would ask senators not to interject and I would ask you, Senator Ludlam, to address your remarks through me.

Senator LUDLAM: People have been asking Senator Macdonald not to interject for hundreds of years!

The CHAIRMAN: Yes, I have drawn his attention to that too. You have the call, Senator Ludlam.

Senator LUDLAM: Best of luck with that! That, effectively, Infrastructure Australia place some of these investment decisions at arm's length from politics. We are now seeing, effectively, the reversal of that policy—an attempt to gut Infrastructure Australia's independence that was rebuffed, amended and returned to the House of Representatives by this place in a quite collaborative way. I strongly support these amendments. We will not be supporting the LDP amendments because, effectively, it takes the teeth out of the transparency. It is not good enough to come in here and just put a document on the table, because people talk all sorts of rubbish about benefit-cost ratios and so on. These amendments need teeth. So we will be opposing the LDP amendments. We will be supporting the opposition amendments so that this parliament does get the final say on investment decisions of this scope.

Senator CORMANN (Western Australia—Minister for Finance) (16:29): I have already indicated that we did not support the underlying opposition amendments because we do not believe that it is appropriate in the context of these projects to give parliament the authority to disallow investments in infrastructure because of the uncertainty it creates in the context of Commonwealth-state relations around very important and significant infrastructure projects.

I would just say to Senator Leyonhjelm that if he is under the impression that there would be no cost-benefit analysis undertaken if Labor's amendment does not get up, that is not right. There is actually a cost-benefit analysis that is taking place and it appropriately takes place at the state level. The Labor Party amendment is seeking to double up by essentially having a cost-benefit analysis at the state level and then another cost-benefit analysis at the federal level. We think that is unnecessarily doubling up. It seeks to usurp the responsibility of the states in relation to these sorts of projects, which is why we appreciate the intent of these amendments to the amendments, put forward by Senator Leyonhjelm. They would still leave in place opposition changes that would add to project approval times and administrative
overheads. I might just flag that, when this bill goes back to the House of Representatives the government will not be in a position to accept the bill, as it is being amended by the Senate.

Senator CAMERON (New South Wales) (16:31): Labor opposes these amendments. The amendments effectively make this parliament indifferent to the assets sold by states in order to access the 15 per cent Commonwealth privatisation incentive. It does so by removing the oversight of the House of Representatives and the Senate proposed in Labor's amendment. Labor believes it is appropriate and an important protection to allow the parliament to scrutinise asset sales on a case-by-case basis before taxpayers' money is spent. Many state-owned assets should not be sold. Given that this then leads to an argument about what should replace these state-owned assets, you look at what is happening in New South Wales now. You see that there was simply an announcement by the coalition that WestConnex would be built. There has been no attempt to have any transparency with respect to the cost-benefit analysis on WestConnex. The more people look at what is happening with WestConnex in New South Wales and in Sydney, the more they are concerned that this was simply a case of trying to deal with an election promise from the state government and the federal government. At the last estimates hearings, I asked a specific question of the department: had a cost-benefit analysis been undertaken in relation to WestConnex? They said no and that it was an election promise.

So if anyone in here thinks that we should just simply allow state or federal governments to deliver on election promises without a proper cost-benefit analysis and proper scrutiny by this parliament, they are not acting in the interests of the parliament, the nation or proper infrastructure builds in this country.

We are sick and tired of the pork-barrelling that went on under the Liberal coalition government when they were last in power. There was no analysis as to what should be done. Billions of dollars were spent on pork-barrelling, when Engineers Australia, AiG and the Business Council of Australia were crying out for properly analysed infrastructure deals that would have improved the productivity performance of this nation.

It is so important to ensure that these amendments go through as they stand and not as proposed by Senator Leyonhjelm. This will simply water down our overview, oversight and capacity to act in the national interest.

As you have seen in the past, many times state governments do not act in the national interest, the state interest or the constituents' interests. We want clear and unequivocal overview that gives us an opportunity to test not only the cost-benefit analysis but whether this is a pork-barrelling initiative or an initiative that is in the national interest. If you are interested in the national interest, you will oppose Senator Leyonhjelm's amendments.

Senator IAN MACDONALD (Queensland) (16:35): I would be failing in my duty as a senator for the state of Queensland or indeed as a senator at all if I let the absolute and abject hypocrisy that you have heard from the last two speakers go unchallenged. Could I just remind those who were here—and for those who were not here, can I tell them—of the fact that after the 2010 election the Labor government, with the full support of the Greens political party, did pork barrel after pork barrel after pork barrel and went nowhere near Infrastructure Australia, let alone this parliament. They did not go anywhere near Infrastructure Australia. What hypocrisy of the last two speakers, saying that we need to do this!
I have come into this debate recently, but I think the coalition should support Senator Leyonhjelm's amendment in the hope that Senator Cameron's amendments do get up, because Senator Cameron's amendments are bad but they would be better if Senator Leyonhjelm's amendment to the amendment were carried so that you did not have to bring it back and have 76 senators deciding on which assets should be sold around Australia. It is just crazy.

In this rare instance I will do what the majority of our side is going to do, but I would urge them to think about Senator Leyonhjelm's argument—

*Opposition senators interjecting—*

**Senator IAN MACDONALD:** You may well laugh. The Greens political party would never exercise a free vote on anything. Of course, as for the Labor Party senators, they know that, if they did that, they would be out of the Labor Party the very next day. That is one of the reasons I cherish my membership of the Liberal Party.

**Senator Kim Carr:** You're a great vote winner for Labor!

**Senator IAN MACDONALD:** Senator, my result at the last election might tell you something different. Senator McLucas's team struggled to get two quotas. The team I led, the Liberal National Party, achieved three quotas in its own right and did better than any other state coalition group in the country.

*Opposition senators interjecting—*

**The CHAIRMAN:** Senator Macdonald, please resume your seat for a moment. The Senate should come to order. I would like people to cease interjecting, and I remind the Senate of the question before the chair. Senator Macdonald.

**Senator IAN MACDONALD:** I personally think that Senator Leyonhjelm's amendments are good amendments—in the expectation that Senator Cameron's amendments might get up. I will be voting against Senator Cameron's amendments because they are the typical sort of rubbish and hypocrisy you get from the Labor Party. But can I just return to the two previous speakers. Immediately after the 2007 and 2010 elections, the Labor Party just pork barrelled and pork barrelled and pork barrelled. When challenged they said, 'We promised this in the election. That's why we're not sending it to Infrastructure Australia.' But to hear Senator Cameron and Senator Ludlam you would think that they sent anything to Infrastructure Australia or indeed to anyone else—except the people they were paying off. For Australia's biggest ever infrastructure project, the National Broadband Network, there was no cost-benefit analysis, no Infrastructure Australia, no anything. The gentleman who used to be in charge of Infrastructure Australia—I thought he was a very good man, and I am sorry he left the organisation—used to say time and time again at estimates: 'Yes, the NBN should have come to us. It's the biggest infrastructure project in Australia but we were specifically excluded from it.'

There is no point in rehashing old battles today except to say the abject hypocrisy of the two previous speakers needs to be yet again highlighted. But I would not be doing my job as a senator for Queensland if I did not expose that hypocrisy and indicate that I believe that the government in the state that I represent, Queensland—and I could say the same for the state governments of New South Wales, Victoria, Tasmania and Western Australia—will responsibly—

*Senator Lines interjecting—*
Senator IAN MACDONALD: How would you know? I understand that you are from Sydney and you were parachuted into Western Australia. So what would you know about Western Australia?

The CHAIRMAN: Senator Macdonald, I would ask you to address your remarks through the chair and ignore the interjections. And I would ask those interjecting to cease interjecting.

Senator IAN MACDONALD: I and most of my Senate colleagues have confidence in our state governments to deal with assets that are owned by the states and by the people of those states—through their taxes and through the governments they elect—without it having to come back to this chamber and have the likes of, with all due respect, Senator Cameron deciding whether it is a good idea for my state to sell something. I do not think Senator Cameron has ever even been to Queensland. What would he know about the decisions and the relevance of the sale of assets in my state?

The CHAIRMAN: The question is that amendments (1) and (2) on sheet 7532, which amend amendments (9) and (12) on sheet 7486, be agreed to.

Question negatived.

The CHAIRMAN: The question now is that amendments (9) and (12) on sheet 7486 be agreed to.

Question agreed to.

Senator LUDLAM (Western Australia) (16:43): In respect of the Asset Recycling Fund Bill 2014, I move Australian Greens amendment (3) on sheet 7487 revised:

(3) Page 23 (after line 10), after Division 4, insert:

Division 4A—State-owned essential services

29A State-owned essential services

A grant or payment mentioned in this Part must not relate to a transaction that relates to the sale of State-owned assets that provide essential services.

This amendment effectively carves out essential services as being prohibited from the privatisation bender that the coalition appears to be embarking on. At the very least, with some of the accountability measures that the Greens, the Palmer United Party and other cross benchers have supported, we have raised the bar for some of the proposed privatisations that this government seems to be so obsessed with. I acknowledged in my contributions at the outset that we would not be supporting the bill. But we believe that, if the bill is to become law, some things should simply be off the table.

The amendment states:

A grant or payment mentioned in this Part must not relate to a transaction that relates to the sale of State-owned assets that provide essential services.

Under the Constitution, the states have responsibility for water, electricity, gas and other utilities. These are things that the private sector cannot easily provide. I have already outlined why the Greens and countless economists do not support the privatisation of state owned assets, particularly assets that provide essential services, and that is that they effectively have two characteristics: they supply essential goods and services and their core business is a natural monopoly.
One of the examples—which I think actually had cross-party support in the end, after Mr Turnbull, at the time as opposition leader, took the portfolio on from Senator Minchin—was that bringing the natural monopoly aspect of infrastructure, like the NBN, back into public hands is strongly in the public interest and then you let the market in at the retail level. At least the essential services can be accessed by a budget estimates committee and you can interrogate or cross-examine officers of these utilities and there are very clear lines of transparency and accountability. As soon as you privatise things, or even start outsourcing to a significant extent, things start disappearing behind blankets of commercial-in-confidence and you lose the ability to call people before budget estimates committee. In effect, you are giving up an important part of your democracy. When something goes wrong—when the lights go out; when water mains burst; when the file server goes down—what you really want underlying service provision are very clear lines of responsibility in the authority and democratic control and oversight over things such as upgrades and maintenance.

So the Greens, along with the majority of Australians, are completely opposed to handing over essential services—and that includes utilities and emergency services—to private operators. This amendment simply seeks to ensure that, in the event that this bill does pass this parliament, state-owned essential services like power, water, ambulances, fifies and so on, are not services that can be privatised through this initiative. Some things should simply be off the table.

**Senator CAMERON** (New South Wales) (16:46): I indicate that the Labor will support this amendment. We have worked collectively with the Greens on this amendment. This amendment seeks to prevent grants of payments under the Asset Recycling Initiative—that is, the 15 per cent initiative in respect of privatisation that are for state assets that provide essential services. By definition, ‘essential services’ provide the essentials of life. It is most important that transactions involving these assets not be sold in a fire sale atmosphere. In this respect, Labor notes the comments by the ACCC Chairman Mr Rod Sims to the effect that it would be keeping a close eye on state privatisations in the face of this incentive.

**Senator CORMANN** (Western Australia—Minister for Finance) (16:47): The government does not support the amendment to prevent incentives being funded by the sale of essential services. The decision as to what assets to sell to fund new infrastructure is entirely a matter for the states, as it should be. State and territory governments are best placed to decide which infrastructure and services are most efficiently provided by the private sector. The Australian government does not wish to dictate this out of Canberra or believe that it is in a position to do so on an informed basis.

Question agreed to.

**Senator LUDLAM** (Western Australia) (16:48): In respect of the Asset Recycling Fund Bill 2014, I move Australian Greens amendment (4) on sheet 7487 revised:

(4) Page 24 (after line 12), at the end of Part 2, add:

**Division 6—Toll roads**

**30A Toll roads**

Financial assistance granted as mentioned in this Part must not be expended on toll roads.

This is a very simple amendment that states the following:

Financial assistance granted as mentioned in this Part must not be expended on toll roads.
Having followed the Abbott government's directive and privatised everything that is not nailed down, state governments cannot then fold the money—effectively the bribery fund established by the Abbott government—to assist the private sector in taking the public good of the road network and privatising it effectively in the form of a toll road.

I mentioned before why it is so dangerous to put natural monopolies or essential services in the hands of entities that are more interested in private profit than public benefit. Toll roads are probably the keystone example of why it is a dopey idea. This is not coming out of some economics textbook; this is lived experience of people across the country. Fortunately, in Western Australia, Senator Cormann and I do not have to worry about finding ourselves on a toll road and not having the proper pass or the proper change or even the offensive idea of something as basic as a road suddenly being put into private hands. That has been kept out of Western Australia—and long may it stay so. Other states have not been quite so fortunate—for example, Sydney's Cross City Tunnel and the Lane Cove Tunnel.

Here are the greatest hits of the Cross City Tunnel. Here is why it is so dumb to privatise or effectively try to toll natural monopoly infrastructure. It does not work. They wrote into the contracts that the government would not construct competing public transport infrastructure. So much for the free market. If you try to privatise a natural monopoly you end up having to do profoundly anticompetitive things for it to remain profitable. So they wrote into the contracts that no-one could over-build a private road with public transport. What a disgrace! No wonder these things are so unpopular.

The traffic authority was forced to abandon its traditional job of servicing the public's need and instead they closed streets around the tunnel and forced traffic underground through the tunnels and the toll gates. Remarkable! That is what you have to do to make a toll road work. Private profit in the public interest can go to hell. The tunnel then went into voluntary administration, and, of course, the owners blamed the government—and then you go straight into litigation. It was a complete disaster. My New South Wales state colleague Mr David Shoebridge MP said at the time:

This is a classic case of a failed public-private partnership which was based on an anti-public transport, an anti-alternative transport model which was never going to be sustainable.

Even if you are not interested in buying into the public transport debate—and you think everyone should always drive everywhere—the idea that you would close alternate roads to force people into a private toll road is, I think you would agree, reasonably offensive.

So let's carve that out and ensure that, in the event that state governments do embark down this path that the Abbott government seems to be forcing them down, we do not end up subsidising private profit in toll roads. I commend this amendment to the chamber.  

**Senator Cameron** (New South Wales) (16:51): Labor will not support this amendment. We are not anti-roads. Road are important for so many communities around this country. Appropriately built roads with appropriate analysis are so important. This amendment seeks to prevent the 15 per cent incentive applying in the case of toll roads. Unlike the government, which stubbornly refuses to fund urban passenger rail projects, and the Greens party, which unreasonably rages against roads, Labor supports the mode of best fit. Labor believes that, if a toll road project stacks up under IA evaluation, it is potentially deserving of support.
One of Labor's amendments requires that major projects are evaluated by Infrastructure Australia as being productivity enhancing, so there should be no prior constraint on the types of new productivity-enhancing major projects that could be supported by the Commonwealth initiative. It is so important in many areas that roads are built. If they are toll roads, they have to go through the appropriate analysis and, if they meet that analysis, then we should give appropriate consideration to them.

Senator CORMANN (Western Australia—Minister for Finance) (16:52): The government does not support the amendment to prevent incentive payments being used to fund the construction of toll roads. It is for the states and territories to decide what arrangements they enter into to provide the modern infrastructure of the 21st century that they consider important to their economic growth. State and territory governments are best placed to make decisions about what arrangements for providing services and infrastructure represent the best value for money for those they represent.

The CHAIRMAN: The question is that amendment (4) on sheet 7487 revised be agreed to.

The committee divided. [16:57]

(The Chairman—Senator Marshall)

AYES

Day, R.J.
Ludlam, S
Rhiannon, L
Siewert, R (teller)
Whish-Wilson, PS

Di Natale, R
Milne, C
Rice, J
Waters, LJ
Wright, PL

NOES

Back, CJ
Bilyk, CL
Bullock, J.W.
Canavan, M.J.
Cash, MC
Cormann, M
Fierravanti-Wells, C
Gallacher, AM
Ketter, CR
Lazarus, GP
Lines, S
Landy, KA
Marshall, GM
McKenzie, B
Moore, CM
Nash, F
Peris, N
Reynolds, L
Ryan, SM

Bernardi, C
Birmingham, SJ
Cameron, DN
Carr, KJ
Colbeck, R
Edwards, S
Fifield, MP
Heffernan, W
Lambie, J
Leyonhjelm, DE
Ludwig, JW
Macdonald, ID
McGrath, J
McLucas, J
Muir, R
O’Sullivan, B
Polley, H
Ruston, A
Seselja, Z
Question negatived.

Senator LUDLAM (Western Australia) (17:01): by leave—In respect of the Asset Recycling Fund Bill 2014, I move Greens amendments (1) and (2) on sheet 7487 revised:

(1) Title, page 1 (line 1), before "establish the Asset Recycling Fund", insert "encourage privatisation and".

(2) Clause 1, page 1 (line 7), omit "Asset Recycling Fund", substitute "Encouraging Privatisation (Asset Recycling Fund)".

For the benefit of senators not closely following the debate, this is the final amendment, which may or may not be subjected to a division. They are very simple amendments but very important ones. They are amendments of honesty. They change the title of the bill. The government discovered that Greens like recycling. So they invented the cute phrase 'asset recycling', which I think is hilarious. We are substituting in the name of the bill 'Asset Recycling Fund Bill' with the 'Encouraging Privatisation (Asset Recycling Fund) Bill, for reasons that will be fairly obvious to everybody by now. Setting up a fund to effectively bribe states and territories from a $12 billion infrastructure fund by using this 15 per cent incentive, as all senators would be aware by now, is not a particularly good idea. I think the very least the government could have done would have been to give the bill an honest title. I strongly commend this amendment to the Senate.

Senator CORMANN (Western Australia—Minister for Finance) (17:02): The government does not support amending the title of the bill as indicted. The proposed changes do not reflect the bill's objectives. Privatisation is only a means to an end where it is appropriate. Privatisation is not the primary objective of the bill or the initiatives it supports. The government is keen for states to release capital from assets better managed by the private sector and it wants to encourage the states to use the proceeds of those sales to build greenfield infrastructure, infrastructure in which the market would not necessarily invest without government participation but infrastructure which is nevertheless important to Australia's economic growth.

Senator CAMERON (New South Wales) (17:02): Labor supports the amendments.

Question agreed to.

Senator LUDLAM (Western Australia) (17:03): by leave—In respect of the Asset Recycling Fund (Consequential Amendments) Bill 2014, I move Australian Greens amendments (1) and (2) on sheet 7496 together:

(1) Clause 1, page 1 (line 6), omit "Asset Recycling Fund", substitute "Encouraging Privatisation (Asset Recycling Fund)".


Question agreed to.
The CHAIRMAN: The question now is that these bills, as amended, be agreed to.

Question agreed to.

Bills, as amended, agreed to.

Bills reported with amendments and amendments to the titles; report adopted.

Third Reading

Senator CORMANN (Western Australia—Minister for Finance) (17:05): I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

At the end of the motion, add "but the Senate is of the opinion that the repeal of the Low Income Superannuation Contribution should not be concealed in this legislation as it will:

(a) diminish, by around $27 000, the retirement savings of one in three Australians;

(b) negatively impact on almost one in two working women and 80 per cent of women who work part time; and

(c) place further pressures on future governments due to increased costs to the aged pension".

Senator BACK (Western Australia) (17:06): It was then Prime Minister Rudd who, in one of his more erudite moments, made the statement, 'No government should ever make a backward step in pursuit of the national interest.' It is in that light that I speak strongly in support of the repeal of the Minerals Resource Rent Tax Bill

It has hurt Western Australia. It has hurt Australia. We have now seen the repeal of the carbon tax repeal bill, and now is the time to do the same with the minerals resource rent tax.

It was Mr Rudd who attempted to bring in the original resource super profits tax that did so much damage to Australia' reputation and constituted a sovereign risk around the world. He failed. In government, Prime Minister Gillard and her Treasurer, Mr Swan, negotiated with the three majors—BHP Billiton, Xstrata and Rio Tinto—to come up with what is now the minerals resource rent tax. It is interesting that they deliberately excluded Mr Martin Ferguson, a person who had far more knowledge in this field, I think it would be fair to say, than almost anybody else in the Labor government at that time with the possible exception of Mr Gary Gray. It is also interesting that in that discussion they deliberately excluded the small and the mid-cap miners, the exploration companies and, particularly, those involved in magnetite production.

What we ended up with was a tax which we in the coalition at all times said, and as industry said, would not make any money. Labor in government predicted that it would raise $3 billion in revenue in the first year alone and the remarkable figure of some $22.5 billion in the first four years. I will relate very briefly, given the amount of time, what actually happened.
As you and I both know, Acting Deputy President Sterle, it hurt Western Australia badly. It was directed at iron ore and coal, and some 67 per cent of the impact of this tax would have been on our state of Western Australia as indeed, because of the geographic size of our state, the carbon tax was so disastrous for us.

The unfortunate circumstance was that, far from yielding that figure of $3 billion in the first year, we in the coalition were right—that is, that it was never, ever going to make any money. In its first year, it took a long, long time—it was like extracting teeth out of a crocodile—to get a statement as to how much it did yield, because we were told originally there would be quarterly reports. Of that $2 billion, it only yielded $126 million. When you take the fact that $40 million was spent in advertising and another $50 million was spent in set-up costs with an annual cost of some $20 million, there is the figure that says it made no money. Treasurer Hockey makes the comment now that once it is scrapped—imagine a tax being scrapped saving money; incredible—it will save some $13.4 billion.

It is a fact that only some 20 companies paid the tax. This was the point that the small and the mid-caps, the explorers and others continually made that it wasn't going to make money. Regrettably—and I think this is the important point—although 20 companies paid some tax, 145 companies invested some $20 million in administrative costs to be able to show the Australian tax office that they would not indeed be paying it. Imagine if that $20 million had gone into further exploration, further development, further employment of people and further opportunities for our mining industry. But, no, it went in administrative costs in the full knowledge that they would never, ever be paying the tax. One company alone paid somewhere between $3 million and $5 million of administrative, legal and other costs to establish that they would not be paying the tax.

The other night I heard Senator Wong, the Leader of the Opposition in the Senate, the former finance minister, go on at length about the various costs that the coalition was ripping out et cetera as a result of this. As we know, the worst feature of all of the predicted $2 billion of profit was that the Labor government then went and committed it and spent it. All of us in households, residences and businesses would know that you can predict a year coming along: you might do well; you might make money. For farmers in my home state of Western Australia: things are looking pretty good for our cropping season but it is only July. Would any prudent home, business or residence ever go out in the hope that they might make $2 billion and spend the money? That is exactly what Labor did.

The regrettable thing was that the other night Senator Wong invited everybody who was listening to be upset and concerned about what the coalition was apparently doing by way of cutting back on that expenditure—the welfare expenditure that the Labor Party had committed itself to as a result of making money on a tax that they were never going to make the money on. In other words, the circumstances that Labor had put the funds towards themselves were probably laudable—I have no doubt they are—and one day when we reverse the negatives of budget, pay down the shocking deficit and get rid of that billion dollars a month of interest, it will be possible, as the Minister for Finance said, in answer to a question this afternoon, to revisit these areas. When you are borrowing internationally and offshore, what right do you have to borrow money so that people—the children of today, the grandchildren of tomorrow—will have to pay that money back? That is exactly the circumstance.
The Leader of the Opposition in the Senate, Senator Wong, was talking about the superannuation guarantee scheme. She was talking about the effect of the small business instant asset write-off being removed. Let me tell you, Mr Acting Deputy President: the one thing small business is rejoicing about this afternoon is that the carbon tax has been removed—and all of those other concessions at one time in the future might be fantastic as indeed, when he was Treasurer, Peter Costello paid back that $96 billion of debt and relieved Australia of the annual interest debt of $5 billion a year and was able to give tax concessions.

We are paying not $5 billion; we are paying $12 billion—a billion dollars a month; a new primary school every 12 hours we are forgoing in this country at the moment, because we are borrowing offshore to pay interest on that debt. All of these concessions that Senator Wong was speaking about—many of them, I have no doubt at all, are laudable—are welfare issues. They are issues that you are able to devote funds to when you are in surplus, not when you have got to borrow overseas for that purpose.

I am absolutely amazed to see my colleague Senator Macdonald—I do not know whether you now think the need for the high visibility dress is the result of the fact that this has become a dangerous place occupationally—through you, Mr Acting Deputy President, to Senator Macdonald—but I assure you it is not.

Let me tell you very quickly about the impact on the mining industry as a result of the carbon and mining taxes. This amazing statistic has been given to me by the minerals exploration council. In 2011, 65 per cent of Australian Stock Exchange listed exploration companies’—these are our companies, our Australian exploration companies—expenditure for exploration activity was here in Australia. One year later, by 2012-13, 65 per cent of the exploration dollars of ASX listed companies was being invested away from Australia. You do not need any other statistic for the impact of the mining tax on Western Australia: one year there is 65 per cent investment here; a year later 65 per cent in west Africa, in Canada, in other countries. I could not give you a more explicit example. It has been a very unfair tax. It has cost some $20 million in administrative fees and $2 million a year for companies to tell the ATO that they will not have to pay the tax because of the way in which it was established.

Mr Acting Deputy President Sterle, I know you, like me, move about the state a lot. I was in the city of Kalgoorlie only two weeks ago. Kalgoorlie is on its knees. I know that is part of the cycle, the boom and bust cycle. Iron ore is important at the moment. The MRRT was only applying to iron ore and coal, but the threat was—and I think it was Senator Ludlam who spelt it out the other day—it was going to be on gold, it was going to be on uranium, it was going to be on other metals. But what it has done is this: each of the 12 or 13 big drilling companies based around Kalgoorlie—they operate around the world; these are massive companies that are very big employers when they are working—probably has eight or 10 drilling rigs and when I was there one of them had one rig working. And we all know that explorations today are the mines of 20 years’ time. That is the sort of lag time we are talking about, and that is where the important element comes in.

Karratha, on our north Pilbara Coast, and Port Hedland: I have learnt in the past few days that each of those places has got more than 400 vacant homes at the moment. It is only 12 or 18 months ago, through you, Mr Acting Deputy President, to Senator Macdonald, that rental was $2,500 a week in those places—Karratha and Port Hedland. Both are reliant on the resources sector; both are obviously very severely hurt. That is the circumstance. We were
advised yesterday that of all of the competing resource exporting countries, Australia ranked 133rd out of 134 when it came to our cost of production and cost of exploration.

I have been asked to be relatively brief. I am going to conclude with some information. We hear so often—Senator Milne, through you, Mr Acting Deputy President, I know you so often say that the mining industry contributes nothing, that the resources sector does nothing for our economy. Let me tell you this: the single biggest taxpayer in this country today is Rio Tinto. Mining has paid $117 billion in company tax and royalties since 2006-07. Last year alone they paid $21 billion, which was double the 2006-07 figure. It is in excess of 40 per cent, and the other ATO figure I was given is that the effective tax rate, according to the ATO, is now well in excess of 40 per cent. So by the time you take tax, by the time you take the royalties and then, on top of that—as Senator Lines would also know as a Western Australian senator—by the time you include local rates, by the time you include payroll taxes, by the time you include employment—the thing I was very pleased to report about Kalgoorlie was how robust and resilient a community it is. Although it is on its knees, when I asked how many vacancies there are in the schools in Kalgoorlie, I was told there is one vacancy in one school. So they understand the peaks and troughs of mining, and that is where we are. It was claimed the MRRT would somehow or other generate a revenue shortfall of $100 billion. That did not happen. Dr Ken Henry said it would not happen.

We have the circumstance of R&D. We heard the allegation again that mining is just digging holes in the ground and sending it offshore, and of course the industry would very strongly make the point—and I am quoting here from MCA—that 'Australian mining spends more than $4 billion per annum on R&D and that represents about one-quarter of all research and development in Australia.' That is far from the allegation about multinational companies sending it all offshore. We know they invested heavily here and that mining has spawned an Australian mining equipment, technology and services sector worth some $90 billion—I repeat that: $90 billion—and it exports $15 billion worth of goods and services. Forget this nonsense about mining only being a relatively small employer; in this country it directly employs some 245,000 people—a 20 per cent increase since the end of 2010—and RBA research shows that mining employs almost 10 per cent of the Australian workforce.

As I bring my contribution to a conclusion, I am obviously a very proud Western Australian—a state that contributes so much through its resources sector to the national economy. It provides the opportunity for states like Tasmania and South Australia, and after the natural disasters in Queensland, to be able to share that wealth nationally. Yes, we get a very low percentage of the GST; yes, we do want a lot more back; and, yes, we do want other states to endeavour to put their shoulders to the wheel more—and we know they will into the future. I just urge that people strongly support the repeal of the MRRT bill.

Senator LINES (Western Australia) (17:21): Boy, what a spray we have just heard from the government—isn't it amazing? If they are successful in repealing the minerals resource rent tax at some point I am wondering what they will blame then. Everything they have talked about today they did so in such broad sweeping statements—lots of figures coming from the government but nothing in evidence about the minerals resource rent tax. It was all just a big spray like the big spray on the carbon tax—untruths and generalisations. On and on it goes. If they are successful in repealing this bill they are going to be exposed for the mean-spirited, no-new-ideas, backward-looking government that actually are.
The Australian public have already woken up to that fact. We have the harshest and most cruel budget on record I would suggest before us and all they can do is look backwards and take away every single positive, forward-looking idea and policy that Labor put into place. The truth is heading towards them, because suddenly they are going to be in the glare of the spotlight and they will not have anything to blame Labor on anymore. They will have to start to stand on their own two feet—unlike the spray that we heard just then from the government with big numbers all apparently related to the MRRT but nothing specific.

What this repeal by the Abbott government confirms is that the government are introducing a retrospective tax grab on millions of Australia's low-paid workers. Just for once I would really like to hear the Abbott government sticking up for ordinary, everyday Australians. They stick up for their rich mates, their rich mining mates, they stick up for the big banks. Last night we heard them sticking up for the big shipping companies. I have yet to hear them actually stick up for Australian workers—from low-income earners. Not from this government. Their mates, we know, are at the big end of town, raking millions and millions off Australians through the resources boom that has been going on that apparently Australians should not be allowed to share in.

It is a retrospective tax grab on Australia's low-paid workers. Not words you would hear from the government, though. The reason for doing this—and from a government who pledged to govern for all Australians? I heard our Prime Minister, Mr Abbott, say that the night he won the election: 'I'm here to govern for all Australians.' Australians are still waiting. Australians are not going to be fooled anymore, because what the Abbott government is doing is simply governing for big business in this country. It has nothing to do with 'all Australians'. It is taking directly from the poor and giving to the rich. How is that governing for all Australians?

It is also taking money from school students. When the Abbott government tells us it has a commitment to education, those are just weasel words. As the government has confirmed, it will rip payments of $410 per primary school students and $820 per high school student from a 1.3 million Australian families who will have children starting school in January next year. I can tell you as a parent who, when my children were at school, was on a single income that I struggled in January to find money for books and school uniforms to make sure that my kids were the equivalent of other kids they attended primary and high school with. It was a struggle because it is a time of the year when you have just had Christmas and children are holidays. Every cent of my income was taken up and it was a struggle to find $200 or $300 for books and uniforms. That is what this government is doing. That schoolkids bonus money assisted families with school fees, textbooks and uniforms. The government will simply take that away when it abolishes the schoolkids bonus.

What dishonesty we have heard around the schoolkids bonus. It will be interesting to hear if the government mentions it today or whether they will just continue sticking up for their big mining mates. This payment is not linked to the MRRT. There has been this dishonest statement from government from day one that somehow it is. It is not. The Australian public will not be fooled, despite the government's rhetoric that somehow the schoolkids bonus is linked to the MRRT. When families have to scrimp and save, as I had to, and miss out on events or on going out with their children because of this slash and burn to the schoolkids bonus, those Australian families—1.3 million of them—will know that it is the Abbott
government who put a hole in their pockets. It will be the Abbott government who has forced
them in December and January to wring their hands, to worry, to scrape money together to
make sure that when their kids start school in late January or early February they and have the
same books and uniforms as the other children they are attending with.

Taking away the schoolkids bonus is a big slug on top of the Prime Minister's already harsh
and cruel budget. It is absolutely targeted at ordinary, everyday Australians. They are hit with
a GP tax: they are hit with a whole range of increases. On top of that, come January, there will
be no additional money for families to support them to get their kids to school. The loss of the
schoolkids bonus will add pressure on families at a time when families can least afford it.
Finding that money to get kids ready for school, after Christmas and the school holidays, is a
stressful burden on families. I can speak of that from firsthand experience. The loss of that
bonus will hit 1.3 million families because the Abbott government wants to look after its rich
mining mates.

It has not taken long for the Abbott government to show its true colours; it has not taken
long at all: taking from the poor, taking from Middle Australia and giving to the most
wealthy, whether they be mining companies or rich Australians—as long as they are rich, the
Abbott government will look after them.

The Abbott government will not just stop at the schoolkids bonus. There is superannuation.
It is a time when all sensible governments—which the Abbott government likes us to think it
is—should be encouraging Australians to save for retirement and doing what they can to
support those savings. But what does the Abbott government do? It slugs low-income
Australians again—Australians earning just $37,000 a year. Perhaps the Abbott government
has never met a cleaner, a hospital worker, a hospitality worker or a low-paid manufacturing
worker. There are many hundreds of thousands of Australians out there who scrape by on
$37,000 a year—mere pocket money for their rich mates in the mining industry.

If only the government cared to do a little research to establish some facts—something it
does not do. It never has any established facts that it can share with the Australian community
to show that, perhaps, 'We need to pull our belt in here or there.' No, it just goes on in a broad
generalised spray about how evil everything Labor put in place was and how everything we
put in place that supported Australian families and low-income earners somehow has to be
ripped away. The Abbott government wants to pull that rug from underneath the feet of low-
paid, ordinary working Australians. And for what? To reward its rich mining mates in this
case. That is what it is doing.

Let us have a look at superannuation. The Abbott government is quite happy to deliver to
the rich, boosting the superannuation of just 16,000 people. Sixteen thousand people—you
could almost count them! These are people who have staggering super balances—balances of
over $2 million in super. If you put aside for just a moment the fact that the Prime Minister
promised to implement no adverse change to superannuation—yet another broken promise on
the long, long road of broken promises—the removal of the low-income superannuation
contribution is a telling move. This move will increase super taxes in one out of every three of
Australia's lowest paid workers—not a bad move from a party which purports to be a low-
taxing government.

This bill, if it gets up, sees the government scrapping the low-income superannuation
contribution, which sees the equivalent of the superannuation tax up to $500, which is not
very much, paid by a low-income earner earning up to $37,000 per year, which is a very low income, and paid into their balance. This measure was important for a number of reasons, and if the Abbott government had stopped and looked at the facts, it would have worked this out for itself. For high-income earners—the rich mates of the Abbott government—superannuation can be concessional. For low-income earners, there are no effective incentives for them to contribute to their superannuation. This measure, Labor's measure, addressed that very issue. It tried to just make the field a little more even.

The removal of the low-income superannuation contribution hits women particularly hard. Our Prime Minister purports to be some new-wave male equivalent of a feminist. He is the Minister for Women, and this is what he does to low-income earners—2.1 million of them against his 16,000 rich mates that he wants to reward. He is going to punish and make life difficult for 2.1 million low-paid women. If he just stopped and had a look at the balances of the cleaners, the hospitality workers, the care assistants, the hospital orderlies and all of those low-income earners, he would see that their balances are very low. If it was a government that was, as it says, sensible and methodical, and was committed to looking to the future instead of spending its time looking in the rear-vision mirror, it would see that these are the very people it needs to support. But, of course, it does not because it is too busy supporting its rich mates at the top end of the town.

What about those 2.1 million workers that our Prime Minister—our Minister for Women—seems to completely ignore? A significant percentage of those women are mothers working part-time and looking after young children—our future generations of Australians. It is this time that is exactly the part of a woman's career where an additional $500 a year going into super will be the most benefit for building savings for their retirement. Everyone knows that you need to put the money in early to allow it to have the opportunity to earn interest over a very long time.

Of course, our other major concern with the bill's removal of the low-interest super contribution is that it is an example of a retrospective tax measure—a fact confirmed by the Parliamentary Budget Office's checking of the coalition's election costings. Low-income earners—2.1 million of them women—entered the 2013-14 financial year with a different understanding. It was an understanding that they would be refunded their super tax. Part way through the financial year, the government has changed the rules on taxpayers. Luckily, we are where we are in the cycle. But the benefit that ordinary low-income Australians, many of them women, were budgeting for and looking towards the future for, will be ripped away from them again if this bill is repealed. Again, the Abbott government rips that rug from under their feet.

What does Industry Super Australia estimate? It says that when combined with the proposed delay in increasing the super guarantee to 12 per cent—we know our Prime Minister is not going to increase that—the removal of the LISC will reduce national savings by $53 billion by the year 2021-22. That is a truly staggering amount of money. Again, a sensible and forward-looking government would say, 'This is exactly where we want to be; this is exactly what we are building for the future.' But, no, we have a government that is always looking in the rear-view mirror, a government that has no idea how to plan for the future. All it ever talks about is a debt burden on young people into the future. Well, what is it doing? It is ripping potentially massive savings, billions of dollars of savings, out of our combined wealth without
a care in the world. It has no idea and no plan. It is not saying, 'Labor's plan wasn't bad but we thought we could build on it.' No, it just wants to rip it down and pull that rug out from under everyone's feet. What does that mean? It means there will be a reduction in the available capital for infrastructure investment of about $5 billion, based on current industry-wide asset allocations. This is at a time when the Abbott government says it is looking around for new funding streams to finance new infrastructure projects. Here are some funds it could have called on, but it does not want to. Why? Because it has an ideological hatred of any plan that Labor put together. The Abbott government is certainly not governing for all Australians.

Let me put Labor's view on the record. Labor's view, and it is a fundamental view, is that Australians deserve to share in the benefits of the minerals we own. This is not something we heard from the government opposite. All we heard was: 'No, it's the mining companies' and they pay a bit of tax and we should all be grateful and thankful.' The minerals belong to Australians collectively, therefore Australians should share in the overall benefit from them. The MRRT is a profit based tax. This means that when profits are high, revenue is up, and that mining wealth can be shared by all Australians. The MRRT was not put in place for the next six months, it was a long-term approach. Labor was a forward-looking government, looking at what was going to set Australia on a good solid path that would build for our future and make sure our children and our grandchildren continued to benefit. That is what Labor was, a forward-looking government. This government is a backwards-looking government. It has just taken us back to the dark age with its repeal of the carbon tax today and it will continue to take us back to the dark age. Its other message to Australians is: 'Hey, you're on your own. Don't expect anything from the Australian government.' It is not the Australian government's job, according to the Abbott government, to help you along the way. No, you have to get there yourself. You have to scrape and beg and borrow and work two or three jobs if you are a low-income Australian to make your own way in the world, because everything Labor put in place to support our community the Abbott government is ripping up.

The MRRT was there for the long term, as I said. It was put in place for the next generation. That is something the Abbott government goes on about, but a smart government would not abolish the MRRT. A smart government that did more than look after its rich mates would be keeping it in place so that future generations could share in the wealth generated through mining, not just a handful of rich mining companies. But, of course, the Abbott government wants to continue to deliver to its rich mates. We know the MRRT will work into the future. That is how it is designed; it is not about 'let's get it done now'. The Abbott government is attempting to repeal yet another forward-looking, progressive policy.

**Senator MILNE** (Tasmania—Leader of the Australian Greens) (17:42): I rise this afternoon to oppose the repeal of the minerals resource rent tax and to reflect on where we have been on this issue of raising revenue from the mining industry over recent years. It is extraordinary that on the day that the Treasurer stands up and says there is a revenue crisis in Australia and then lambasts the Senate for not passing his cruel budget measures, this is the biggest giveaway of a government that you could ever have seen. In one day they want to give away more than $20 billion worth of revenue over the forward estimates: $18 billion on carbon pricing and between $2 billion and $3½ billion—so you could get it up to $21½ billion—on the mining tax. How extraordinary. It is the best example yet of cost shifting, of saying to the big end of town, the big miners, the big polluters: 'Wink, wink, nudge, nudge,
you gave us the money through your donations, you backed us in opposition, we are in
government and now you can maximise your profits and send it out to your shareholders’—
the overwhelming majority of whom, 83 or 84 per cent, live overseas—'Send that profit to
them, don't you worry about it. We will go and take the money out of the pockets of the
Australian community to make up the shortfall.'

That is what is going on here, the most mega shift: robbing the pockets of the community
to put it into the profits and give it to the overseas shareholders of the big polluters and the big
mining companies. That is exactly what is going on here. I find it extraordinary that a
Treasurer would have the temerity to say to Australians: 'We want to hit the unemployed even
harder, we want to make people pay more to go to the doctor, we want to deregulate
universities and make life harder for university students who have to pay more, we want to
make it really bad for women in the workforce who have no superannuation—all of that
because we want to give Gina and Clive and Twiggy and all the rest of them as much as we
possibly can.' That is what is going on here. It is extraordinary that we get a 'budget
emergency' talked up when we have the big give-away in town: 'Here're the dollars, boys. We
got elected for you and we're giving them out to you.' That is what is going on here.

Let's have a look at the history of this. How did we get into a situation where, at a time
when the mining companies are making mega profits, so little is being returned in this mining
tax? And why has there been such a reluctance, to fix it? Let's go back. There has been a bit of
looking back, today, with respect to the carbon price. People with a bit of political memory
might recall that coming into 2010 the expectation was that the then Prime Minister Kevin
Rudd would call a double dissolution election on the back of not getting the emissi-
ons trading
scheme that he negotiated with the coalition. He had negotiated it so that it was browned
down to the point of being useless, with mega dollars again going to the coal industry and
mega dollars going to trade-exposed industries—mega dollars all round.

But, never mind, coming into 2010, the Greens put on the table a compromise position on
carbon pricing. On 21 January 2010, a compromise position on carbon pricing was put on the
table, where we asked, 'How about a fixed price period of two years, and a price of $23?' We
put that on the table and we met with Senator Wong at that particular time to ask, 'What about
that?' We were told that, no, there was no compromise to be brokered, at all. It was only then
that we found out that Labor had decided to abandon carbon pricing, and instead go with a
mining tax—the super profits tax.

That occurred in the first quarter of 2010. Kevin Rudd, the then Prime Minister, went out
and launched his super-profits tax, but the big miners were not going to have a bar of it. They
got together with their mega advertising campaign. They put millions of dollars into that
campaign. But it was millions of dollars to save billions of dollars, so the advertising
campaign was a worthwhile investment. But the focus of the miners was not only to knock off
the super-profits tax but to show the Rudd government—it was a message clearly picked up
by the Gillard government and relished by this one—that the mining industry will destroy you
with a populist advertising campaign unless you do as you are told. And so they did. They
destroyed Kevin Rudd, who was seen to be indecisive and unable to sell his super-profits tax.

Then Prime Minister Gillard took over. With the most extraordinary play-acting—if you
look back you can see it for what it was—a deal was done. Prime Minister Gillard and
Treasurer Wayne Swan at that time negotiated in a room with the mining industry to give
them what they wanted on the tax. What was the deal? The deal was that the Gillard government would get the political win of having negotiated with the big miners to deliver a mining tax, and the miners would get the win of not having to pay the tax. It was a beautiful thing! They got the money and the Gillard government got the credit in that political deal.

At the time, we said, 'This is wrong. There's a huge loophole in this, which will mean that the federal government will have to pay.' The loophole was that the states could increase the mining royalties, and any increase in royalties would be given back, and be made up for, by the federal government to the mining companies. So the mining companies did not have to pay; the taxpayers effectively made up the difference. That was a mega hole in the tax, and we moved an amendment, at the time that the legislation was put through this parliament, to close that loophole. Of course, it was rejected. It was rejected by the government, because they had done the deal with the miners. And it was rejected by the Liberals, who were then in opposition, because they wanted to make sure that the miners did not actually have to pay the tax.

So the flaws in this tax were there from the very beginning, and the Greens have said consistently throughout, 'We should be fixing this mining tax to get the revenue for the community in order to be able to spend on education, health, and all of the things we need for the future.' That is why we said, 'Let's fix the tax and set up a sovereign wealth fund so that we can use the benefits of something which is a one-off.' Let's face it, when the ore is gone, it is gone. The Norwegians made money from their minerals. They set up a sovereign wealth fund, and out of that sovereign wealth fund they have managed to fund the transition in their economy and new jobs.

The upshot of all of that is that there is no sovereign wealth fund. The government of the day did not do as the Greens wanted. Nor would they fix the mining tax. Ever since then we have argued for it. That is why I want to foreshadow a second reading amendment. Rather than repealing this tax we should be fixing this tax. Mr Hockey says he wants revenue. Well, I am ready to give him revenue. I was ready to keep $18 billion worth of revenue but he wanted to give it away. Let me try again: I am prepared to give him more revenue by fixing the mining tax—taking it out of the pockets of these super profitable mining companies.

I would like to fix the mining tax by applying a 40 per cent rate to all minerals. That is the first thing. If you look at the oil and gas industry you will see that they already pay 40 per cent. Why shouldn't the rest of the mining industry pay the same 40 per cent? It stands to reason that you would do that. The second thing we are saying is that we should rebate only those royalties that were in place at July 2011. We should close the loophole on the state governments. If the state governments want to raise royalties the Commonwealth is not going to rebate that after July 2011.

The third thing we have said is that we should only allow depreciation on the book value of the amounts spent on mining infrastructure. The issue here is that the mining industry has again ripped us off disgracefully, claiming everything that they possibly can in order to get their depreciation maximised. We do not want to allow the mining companies to be able to depreciate what ever they like. It is a key flaw in the existing tax

So I am foreshadowing a second reading amendment because an amendment is already before the chair.
I want to go to why it is essential we do this and how disgraceful it is that Rio Tinto, Xstrata and BHP managed to rip off and hoodwink the Australian Prime Minister and Treasurer of the day. You will recall we have had revelations since that there were the Treasury officials outside the room, no doubt absolutely appalled by what was going on inside the room—not even invited in—as the mining companies negotiated this with people around whom they ran rings. I want to indicate the extent to which they did run rings around them and I want to talk about Glencore for a minute. Australia's largest coalminer, Glencore, formerly Xstrata, paid zero tax over the past three years, as at 27 June this year. I have an article from The Sydney Morning Herald. Glencore paid zero tax over the past three years: 

... despite income of $15 billion, as it radically reduced its tax exposure by taking large, unnecessarily expensive loans from its associates overseas.

As it was claiming tax breaks in Australia on these inflated interest payments, the secretive Swiss-based multinational actually increased its lending to other related parties interest free. This may include its executives. Nobody from Glencore, which used to be called Xstrata, was available for comment despite repeated requests.

The aggressive tax avoidance tactics of Glencore Coal International Australia Pty Ltd have been identified in an independent analysis of the company's accounts—and so on and so forth.

At the end of the story it says:

Glencore is an extreme case: founded as it is by US tax exile Marc Rich, controlled from a tax haven, and with a colourful history as a corporate maverick.

It is chaired by Swiss-based Ivan Glasenberg, who ranks No.5 on BRW's rich list ... after lifting his wealth by $1.01 billion on the back of Glencore's rising share price.

In the past two years globally, this company has presided over 53 workplace deaths, a worse safety record than BHP and Rio Tinto.

This is one of the companies who sat down with Prime Minister Gillard and Wayne Swan and negotiated a price, a mining tax, which had within it at the start the problems of its failure.

Senator Ian Macdonald: And you supported them. What a rewrite of history!

Senator MILNE: Senator Macdonald apparently is hard of hearing, because I just said a minute ago that we moved an amendment to fix this at the time.

Senator Ian Macdonald: Did you vote for the bill?

The ACTING DEPUTY PRESIDENT (Senator Back): Order! Senator Macdonald, you will be heard in silence, I know.

Senator MILNE: Thank you, Mr Acting Deputy President. As I said, here is a company making $15 billion, absolutely involved in tax avoidance extraordinaire, and now it is to be rewarded by abandoning the tax altogether instead of fixing it. So do not bother going to the G20 later this year and rabbiting on about how Australia wants to get some changes in tax laws and tax evasion, because this company is already making billions out of Australian resources, owned by the people of Australia, and what are we getting back for it? Practically nothing. But, rather than actually fixing the tax so they pay, we are going to see the government insisting that the Senate should pass all these cruel budget measures. If you can afford to give away $21½ billion to your mates, who have donated massively to you, who
advertised on your behalf and who are sitting back waiting for the cash to roll in, do not expect this Senate to go and say to the Australian community, 'Sorry, Mr Hockey gave away all that money, so now we have to go and get it out of the pockets of the community.'

I want to quickly go through some issues here around the effect on the mining industry as such. Add to that the fact that not only are we talking about the loss of carbon pricing but, by repealing the mining tax and the carbon price, we have a total of $5.4 billion taken out of government revenue and given specifically to the mining industry, and that is because, as a result of the repeal of the carbon price, they will get their full fuel tax credit given to them. They actually will get 6c a litre more as a result of today, as well as picking up an end to the mining tax, as well as not having to pay for the pollution they cause and never having to accept their responsibility for climate change. They are driving this—they are driving more intense storms and more extreme weather events that are going to kill people in Australia and lead to loss of infrastructure. How did we feel when their coalmines were filled with water during the Queensland floods? And then, no doubt, they were out there claiming all kinds of insurance benefits and the rest, as a result of having driven the climate crisis in the first place.

Do not think the community are not waking up to that. The community are going to feel very short-changed when they find that all that has happened in the last few days is not money flowing to them, because it is a joke that they are ever going to get anything like a $550 per average family return. They are going to find that not only are they not getting that but all these hits on their pocket are so that the big end of town can get these mega-profits through an end to the mining tax and an end to the carbon price. Now they can pollute and use our resources to their heart's content and fill up the coffers of their overseas shareholders. That is exactly where we are going.

What about all the advertising about how many jobs they create? Oh, yes, the mining industry is the backbone of jobs—joke. That is not actually happening. Mining currently employs 2.4 per cent of the Australian workforce. So let's get real about this talk of jobs. Now that it is transitioning from the capital intensive phase to the production phase, this is when the super-profits will occur, because their revenue from production will be rising and they will be less able to deduct it against their capital investments. In the production phase, I would hazard to guess that they are not going to employ even the lowly 2.4 per cent of the Australian workforce, because a lot of these mines are going to be automated. That is the next thing. All these people who think all the jobs are going to be up there in the mines—no, they are not going to be there. They are moving to automation and computerised control of their trucks and the rest of it. What we are seeing is even a reduction in the jobs, even if you thought 2.4 per cent was worth giving them a massive windfall gain.

What we are seeing in Australia is a megaindustry which has advertised itself into a position where governments are too afraid to take them on as they rip off the Australian community, take the profits overseas and engage in tax avoidance on a grand scale. What sort of deal is that for the Australian community? Where is the leadership? We need to be transitioning from an economy that is overly dependent on the resource-based sector to one that is based on a future vision of a country that is knowledge and information based. It is about services, education and training, new technologies, renewable industries and decarbonising our electricity sector.
Unfortunately, what we are seeing are the vested interests of the old order in terms of those big mining companies, big polluters, and the Liberal Party and the National Party which represent them to the hilt—to which they donate. That is the old order looking backwards to the old fossil fuel age and stealing from the future, because instead of a sovereign wealth fund to fund the future, the benefits of the boom have been squandered. That is why we should fix the mining tax. I am standing here ready to help Mr Hockey to put money into the coffers of this government, not to facilitate him giving away money from the budget in order to make life hard for the unemployed, the sick, the old and the student community. That is not where we are going and we most certainly will not be taking away the low-income bonus for superannuation. Why should not those people get something to give them a decent old age?

Senator IAN MACDONALD (Queensland) (18:02): I contribute to this debate proudly in solidarity with the thousands of men and woman of Australia who work in Australia’s mining industries and with the tens of thousands of my fellow Australians who benefit from, and whose mere existence depends upon, a strong mining industry in Australia.

I am a proud supporter of the Australians for coal industry. I remind senators that where I operate, in Townsville, we are near the Bowen coal basin, where there are hundreds of jobs and billions of dollars of wealth for all Australians out of the coal industry. There are some 54,900 direct jobs in the coal industry. There is some $6 billion paid in wages in the coal industry. The coal industry alone pays $25.5 billion in royalties to state governments in the five years from 2006 to 2012. Seventy-five per cent of the electricity that we use comes from Australia’s black and brown coal. A contribution to the GDP is measured in the order of $43 billion with some 90 megatonnes in export value.

The coal industry—and the mining industry generally—is particularly important in my state of Queensland where there are 37 projects proposed or under development in the coalmining industry. Coal exports have contributed something like 15 per cent of Australia’s total export over the last five years. The coal industry alone has contributed $260 million to an industry fund supporting low-emission technologies. Some 82 megatonnes of coal have been sent to Japan over the years. Importantly, to defy the arguments of Senator Cameron, Senator Lines and Senator Milne, the coal companies alone—this is not all mining companies, this is just coal—paid $17.7 billion in company tax over the five years. This bill that we are debating today is getting rid of a tax that inhibited our mining and mining exploration in our country. It was a tax that, in spite of what you heard from Senator Milne, the Greens political party supported the Labor government in introducing this useless, worthless and job destroying tax. Senator Milne would have you believe that the Greens were against it. They were totally involved and I am glad that Senator Milne mentioned the three big companies. It was the three big companies that Senator Cameron was disparaging—Senator Cameron forgot but Senator Milne obviously did not—that did the secret deal with Prime Minister Gillard and Treasurer Swan. Remember they went into the little room, came out of it

As we went—these are the Labor government figures—the $49 billion projection came down to 26 and then came down to 11, then came down to 9, then came down to 7, and then came down to 4. This was a tax that, in spite of what you heard from Senator Milne, the Greens political party supported the Labor government in introducing this useless, worthless and job destroying tax. Senator Milne would have you believe that the Greens were against it. They were totally involved and I am glad that Senator Milne mentioned the three big companies. It was the three big companies that Senator Cameron was disparaging—Senator Cameron forgot but Senator Milne obviously did not—that did the secret deal with Prime Minister Gillard and Treasurer Swan. Remember they went into the little room, came out of it.
and, as a result of that, everybody paid the mining tax except Xstrata, BHP and Rio Tinto. They must have thought all of their Christmases came at once when they walked into the room to negotiate with Wayne Swan and Julia Gillard. They just could not have possibly believed their luck.

I have heard the class warfare arguments from both Senator Milne and Senator Cameron. If they are so against all of these big mining companies, why didn't they get up and support me when I suggested, just a week or so ago, that the debt levy should not apply only to individuals but should apply to the big corporate people? I think I particularly mentioned Xstrata and BHP and Rio. And yet did the Greens support that? No. They let them go. And they talk about the government being the friends of the big end of town! 'The friends of the rich people'—how many times did we hear that? Yet here is the Labor government negotiating with those 'rich people at the big end of town' to get this mining tax in operation. What absolute hypocrisy of the Greens political party and the Labor Party!

**The ACTING DEPUTY PRESIDENT (Senator Bernardi):** Order! Resume your seat, Senator Macdonald. Senator Ludlam, you have acted in the most disorderly manner by using a prop, as a stunt during a senator's speech. Return to your place, Senator Ludlam. What you have done is completely inappropriate. It is disorderly. It has no place in this chamber. Senator Macdonald, please resume.

**Senator IAN MACDONALD:** Again, Mr Acting Deputy President, it shows the lengths the Greens political party will go to to try and stop people making a point. Why? Because they know that everything I am saying is the absolute truth, and there is one thing the Greens political party cannot handle, and that is the truth.

We have been told that the mining companies pay no tax. Indeed, the truth is very different. Mining has paid $117 billion in company tax and royalties since 2006-07, and it has paid some $21 billion in 2011-12 alone—that is double the payment it made several years previously. Australian Taxation Office statistics show that mining's effective tax rate was 28 per cent in 2010-11, but, if you include the royalties that are paid to state governments, the effective rate of tax was 40 per cent. So Senator Cameron, Senator Milne and Senator Lines would have you believe that the mining companies pay no tax, but there it is: the ATO's statistics say some 40 per cent effective tax is paid by mining companies.

Mining companies do make profits and they do send them overseas—which makes me wonder why the Greens did not support my call for a debt levy on them. But the Greens can answer to that.

Mining companies do pay a considerable amount of tax through mining tax and royalties. They are a major contributor to the Australian economy directly, accounting for eight per cent of GDP, and directly employing some 250,000 of my fellow Australians. That is why I proudly stand in solidarity with all of those people who work in the mining industry that the Labor Party and the Greens would throw onto the scrap heap. I know that, since the mining tax has come in, there has been a pause, a concern, a hesitation in investing in Australia—due to sovereign risk as well as the mining tax and the carbon tax. As a result of that pause in investment, a lot of jobs have been lost in the Bowen Basin area in my home state.

Australian mining spends more than $4 billion each and every year on research and development, which is about 22 per cent of the total business expenditure on research and
development in Australia. Mining has spawned an Australian mining equipment technology and services sector worth around $90 billion, and it exports some $15 billion worth of goods and services.

We have been asked to be brief. There are a lot of other facts and figures I would like to submit—and perhaps that will be something for the future. But, before I leave the debate, I just want to contribute by referring to some of the things that others said in this debate. We heard Senator Lines refer to the 'big end of town' and 'big mining mates', carrying on the terminology of Senator Cameron, and I pointed out: who are the mates of the big mining companies? The Labor Party that got into bed with the three biggest of them, and then had the hide to come in here and accuse everyone else. And don't let the Greens fool you. They were in it up to their necks with the Labor government. They worked and worked with the mining companies to bring in a tax which affected many mining companies but not the big ones.

I would refer you to a publication of the Association of Mining and Exploration Companies, who clearly said that the legislation was an:

… ill conceived, anti competitive, complex, distortionary … and … irrefutable bad tax.

They say a lot more things about it, but time does not allow me.

We heard Senator Cameron railing against the three big companies that his government got into bed with and did the deal with, and using all of the old-fashioned class warfare arguments. I want to say something to Senator Cameron—and I hope he is listening. In this chamber we should be debating the issues, playing the ball and not the man. Senator Cameron—and I do not know if he has got something against women—cannot let a day go past without attacking personally and viciously—

Senator Moore: Mr Acting Deputy President, I rise on a point of order. I draw your attention to the standing order about reflecting on other members of the chamber. I think Senator Macdonald is coming very close to making allegations against Senator Cameron which are indeed reflecting on his character.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Senator Moore, there were no allegations made. I think what Senator Macdonald was doing is part of the robust debating process.

Senator Heffernan: Mr Acting Deputy President, I rise on a point of order. I would like to express my strong objection to the conduct of this chamber and the production of this bloody commercial message without my permission. This is a protocol issue—

The ACTING DEPUTY PRESIDENT: Senator Heffernan, resume your seat. That is not a point of order.

Senator IAN MACDONALD: I refer Senator Moore to Senator Cameron’s speech in this chamber—and the Hansard is here—where he attacked Ms Rinehart. At least Senator Milne attacked Ms Rinehart and Mr Palmer. We do not hear that from Senator Cameron. He does not attack Mr Palmer. I wonder if that could have something to do with the fact that Mr Palmer’s own political party has the balance of power in this chamber now. Let us not attribute those motives to him. Let us wonder why it is always Gina Rinehart he attacks in a vicious and personal way. Senator Cameron, if you are going to start playing the man instead of the ball then we can all contribute. I ask Senator Cameron: what was your association with
my namesake—the bad Ian Macdonald, the Labor Party Ian Macdonald—from the New South Wales parliament? If you want to get into personalities, Senator Cameron—

**Senator Moore:** Mr Acting Deputy President, I rise on a point of order. Again I am concerned about Senator Macdonald making a reflection on another member of this parliament.

**The ACTING DEPUTY PRESIDENT:** Senator Moore, I am absolutely conscious of your concern in this regard, but Senator Macdonald was simply positing a question.

**Senator IAN MACDONALD:** That is exactly what I was doing. I was asking Senator Cameron what his association is with Ian Macdonald the bad, the New South Wales Labor politician, who I understand was in his faction and whom he supported. Perhaps he can tell us. I want to also ask Senator Cameron about his role as a board member of a very big superannuation company. We always hear about how these big companies, the big end of town, do all these bad things. Perhaps we should look in the mirror. Senator Cameron can attack me as much as he likes, but if he wants to attack people who are not in this chamber—like Ms Rinehart, who is one of the great Australians, one of the great entrepreneurs and a person who has contributed so much to the Australian economy—he should remember it is a two-way street. I will not raise those things again unless he continues to attack people who are not in this chamber to defend themselves. Regardless of his opinion of her, many other people, including me, think she is one of the great Australians.

I will complete my speech there because we are wanting to have a vote on this bill. I want to emphasise that all of the mining companies in Australia already pay a substantial amount of company tax and, importantly, royalties to state governments. That is why when a group of coal companies—and coal, as I have indicated, is just so important to my state of Queensland—initiated Australians for Coal then I proudly became involved in it. Unlike my good friend Senator Heffernan, who I know has an objection to the fact that they printed his name on these jackets, I was tickled pink and very proud to see my name embroidered here. Senator Heffernan—to his own respect, and it is his issue—did not like it, but I was so proud of it. So I proudly wear this high-vis shirt in the chamber today as a demonstration of my support and my solidarity with all of those workers involved in the mining industry right throughout Australia and in all of the towns and communities, most of which are in northern Australia, that exist only because of Australia's mining industry.

I look forward to a big future for the mining industry in Australia. If the Greens are so concerned about carbon emissions, I look forward to a time when the Greens political party will join me in supporting uranium production for energy in Australia. No, the Greens want it both ways. They do not want any carbon and they do not want uranium, yet they like their air conditioners, their fires and the creature comforts of human beings. I proudly support all of those involved in the mining industry, many of which are in northern Australia and in my home state of Queensland. My home state of Queensland is a substantial beneficiary of the Australians for Coal campaign and of the coalmines and jobs created there. Communities in my state are supported by the fabulous mining industry we have in Australia.

**The ACTING DEPUTY PRESIDENT:** Senator Heffernan, you are not on my list of speakers. Do you have a point of order?

**Senator Heffernan:** Yes, I do.
The ACTING DEPUTY PRESIDENT: I give you the call to make a point of order, but you are not to make a speech, Senator Heffernan.

Senator Heffernan: Righto, I will not make a speech. I would like some guidance through a point of order as to the protocols in this parliament and in this chamber about the endorsement of a commercial product without my permission and the wearing of advertising material in the chamber. I thank you for your indulgence, Mr Acting Deputy President. I support the mining industry too but my point of order is it sets a precedent and the next thing we are going to have is 'Bill Heffernan: friend of marijuana' or 'Bill Heffernan: friend of Coca-Cola' without my permission. I have told the minerals and mining council to shove this and everyone else should too.

The ACTING DEPUTY PRESIDENT: Thank you, Senator Heffernan. I will take your concerns under advisement and I will refer them to the President of the Senate. But when it comes to the attire in the chamber, I have noticed on occasions in my time here that people have worn scarves, they have worn T-shirts—

Senator Ian Macdonald: Kilts.

The ACTING DEPUTY PRESIDENT: Kilts, indeed—and I have noticed that Senator Macdonald does at least have a tie on.

Senator Moore: Mr Acting Deputy President, on the same point of order. I would seek some advice from the chair on the wearing of a garment with advertising material on it. I support Senator Heffernan's question on that and I would like to get some guidance.

The ACTING DEPUTY PRESIDENT: Senator Moore, I have undertaken to refer this to the President, which I think is appropriate and he can make an appropriate ruling in the circumstances.

Senator Ian Macdonald: Mr Acting Deputy President, on that point of order. But you have ruled on that, so I will raise another point of order. This is a very colourful and well-fitting outfit I am wearing. As for advertising, perhaps I am advertising myself here where it says, 'Ian Macdonald'. Here on the other side, it says in very, very small letters, 'Australians for coal'. I am not sure which company that is that is being advertised. When you are referring this to the President, could you please alert him to the fact that there is no advertising on this wonderful garment I am wearing.

The ACTING DEPUTY PRESIDENT: Senator Siewert, on this point of order or a new one?

Senator Siewert: On this point of order. Perhaps when you refer this issue to the President, you could also refer the fact of where these shirts came from and whether they were specifically given out so that senators could wear them during the debate on the mining tax, please.

The ACTING DEPUTY PRESIDENT: I take your point and that will be up to the President to consider.

Senator Ian Macdonald interjecting—

The ACTING DEPUTY PRESIDENT: I am not going to continue with this, I am going back to the bill. Senator Urquhart has the call.
Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (18:24): I rise to speak against the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 No. 2. I will be kinder on people's eyes by not wearing a very bright jacket and I will also be kinder on people's ears by not blowing their ear-holes out.

This bill clearly demonstrates the policy differences between this cruel government and the Labor opposition. This bill gives a $3.3 billion tax cut to Australia's largest mining companies over the forward estimates while at the same time cutting payments and tax relief to families, small businesses and low-income earners—tax cuts for mining companies, tax hikes for small companies; tax cuts for mining companies but benefits cuts for everyday families; tax cuts for mining companies but retirement income cuts for low-income earners; tax cuts for mining companies but cuts to capital works in regional communities; and tax cuts for mining companies but tax hikes for those participating in geothermal exploration.

At its core, this bill is not about defining a taxation regime for mineral resources in this country. No, at its core, this bill clearly defines this government's cruel agenda, an agenda to end the so-called age of entitlement, an agenda laced in disdain for working Australians, disdain for the families of Australia, disdain for Australians living in the regions and disdain for Australians seeking to expand the renewable energy industry. It is an agenda we see on display in this place every day, where the language of many of those opposite shows an utter contempt for Australian workers and Australian families.

This bill clearly demonstrates the cruel nature of the Abbott government. This bill cuts assistance payments to families, to small businesses, to low-income earners and to our communities while at the same time providing a $3.3 billion tax cut to the owners of Australia's biggest mining companies over the next four years, mining companies who are well and truly majority foreign owned—80 per cent, in fact, of the owners of Australia's biggest mining companies are foreign nationals. This bill hurts Australians while providing a tax cut to foreign nationals.

This minerals resource rent tax is a tax, a fair tax on superprofits—yes, the superprofits realised from coal and iron ore mining in this country; a fair tax that has and will continue to realise significant revenue for the budget at a time when this Liberal government seeks to introduce a tax on visits to the GP and wants to increase the company tax on Australia's biggest companies to pay for its unfair, unaffordable Paid Parental Leave Scheme. This company tax increase will lead to increases in the prices Australian families pay for groceries, for fuel, for power, for clothes and for all goods and services supplied and provided by Australia's biggest companies. It is a tax that will be applied regardless of the profitability of the company and it will not even raise the required amount to pay for their overly generous, poorly targeted Paid Parental Leave Scheme. This company tax increase and the Paid Parental Leave Scheme are further evidence of this Liberal government's desire to hit the hip-pockets of low- and middle-income Australians and line the pockets of the wealthiest in this country.

The minerals resource rent tax is a fair tax that only impacts mining companies when its profits less deductions are over $75 million in a year—a tax that is only imposed on coal and iron ore producers in times of profitability. When this tax was introduced in 2011, Australia was experiencing an unprecedented boom in our resources sector, specifically in iron ore and coal, which delivered record profits to mining companies year after year. During the last tenure of those opposite, royalties as a percentage of mining profits decreased from around 40
per cent to about 15 per cent. It works out at about $35 billion that could have been invested for the benefit of all Australians if captured by a superprofits tax.

These mineral resources are nonrenewable. The resources and a large share of the profit are actually shipped off overseas—resources that can only be dug up once, resources that can only be sold overseas once. All Australians should benefit from the sale of our resources not just the few who are directly involved in the mining industry. It is vital that the community who owns the resource 100 per cent gets a fair return on these resources to strengthen our whole economy for the future. Of course, the fact that this tax does not deliver on forecast revenue in its first few years does not make it a bad tax. It is a tax designed to work in perpetuity. When profits are high, the tax will pull in significant revenue. Or when capital works are high and therefore deductions are high, as has been the case for the past few years, the revenue is reduced. Or if profitability is low and a mining company makes less than $75 billion from a mine in a particular year then no superprofits tax is paid.

The tax actually provides an incentive to invest in iron ore and coal mining operations relative to a pure royalties taxation model.

As the mining industry is extremely capital intensive, it actually employs only around two per cent of Australian workers. While profits in the mining industry grew by over 250 per cent over the last decade, the mining industry contributed only seven per cent to Australia’s jobs growth over that period. While the manufacturing industry continues the decades-long trend of employment decline, it still employs over four times as many people as the mining industry. The metals manufacturing industry, which includes smelting, refining and producing metal products, has not been a significant beneficiary of the mining boom. Increased competition from Chinese smelters and refineries, high-energy prices and the appreciation of the Australian dollar saw value added in the metals manufacturing sector flat through most of the last decade. The export volume of processed metals fell over the decade with weakness across a wide range of refined metals. This trend will only continue as smelters continue to close. Despite this, there are no proposals from those opposite to assist manufacturing businesses to deal with the high Australian dollar, which has been stuck over 90c for the better part of four years. Where the former Labor government sought to assist non-mining industries through rational, interventionist, government industry policy, this government has a fanatical approach to free-market economics.

This government has turned its back on Tasmania. The coalition government was full of talk before the election about jobs, jobs, jobs in Tasmania, but since the election has been nothing but a complete failure. Last week, the member for Franklin and Shadow Minister for Regional Development and Local Government, Ms Julie Collins, released a report card on the Abbott government’s Economic Growth Plan for Tasmania. Of the ten major proposals in Prime Minister Abbott’s Economic Growth Plan for Tasmania, only one has been completed. All of the others are well off track. The Abbott Tasmanian file shows that the status of the Tasmanian Major Projects Approval Agency is ‘announced’, but it only began meeting with stakeholders last month and no board appointments have been made as yet.

The next project is the Tasmanian jobs program. The status is that 60 positions have been created since 1 January 2014. The coalition government's target was 2,000 positions over two years and there has been a cut in funding from $6,050 over a six-month period to only $3,250 over the same time. The next project is the Hobart International Airport, with a $38 million
runway extension and the promise of 200 jobs. The status of that is that there is no start date, no international carrier and no details around the design of the runway. The next project is a centre for Antarctic and Southern Ocean research funding boost. The status: 18 CSIRO jobs have been lost in Hobart. The next project is the fruit and vegetable industry task force. The status is that it was announced in March, it was to have had its first meeting in April, and a similar organisation already exists in Tasmania.

The next project was the Productivity Commission report into Tasmania’s shipping costs. The status is that the coalition government has yet to formally respond and has had the report since 7 March 2014. The next project is support for the forestry sector. The status is that only eight projects have been announced from Labor’s $100 million Jobs and Growth Plan. The eight projects total only roughly one-third of the total amount allocated. Meanwhile, businesses are waiting to co-invest hundreds of millions with government to create jobs in Tasmania. The next project is the Midland Highway $400 million upgrade. The status is that $100 million was cut from Labor’s plan and construction work is yet to start. The next project is Sense-T. The status is that funding was announced on 12 June 2014. This is one project where the commitment has actually been met. So that is good news. The project to revitalise Work for the Dole was started on 1 July 2014 without any coordinator in place for Tasmania. All of Braddon, all of Bass and a good proportion of Lyons are to be covered under the one Work for the Dole program.

It is clear that this government has turned its back on Tasmania. The coalition was full of talk before the election about jobs, jobs in Tasmania, but since the election we have seen nothing. A recent article in the Burnie Advocate highlights the discontent from a senior Tasmanian entrepreneur and key Tasmanian jobs adviser to Prime Minister Abbott. The coalition’s Economic Growth Plan for Tasmania also included the creation of the Prime Minister’s Joint Commonwealth and Tasmanian Economic Council. The Prime Minister’s co-chair, Mr Dale Elphinstone, has said that the council’s processes are running a little slower than he would have liked—as in: it has not even formally met yet. The council is also meant to include the chair of the Tasmanian Major Projects Approval Agency, but the chair has not yet been appointed. The council is due to meet next week and I hope that the senior ministers who are listed as members, including Prime Minister Abbott, Treasurer Hockey and Industry Minister MacFarlane, all make the trip to Tasmania and attend this meeting. It is interesting to note that the Minister for Employment, Tasmanian Senator Abetz, was not included in the council.

While the senior ministers are in Tasmania, I hope they reflect on their cruel and unfair budget. In particular, I hope they reflect on this debate and on the cruel and unfair measures that they are proposing in this bill—cruel measures that will actually leave many Tasmanian families much worse off. I call on the government to reflect on the impact of their proposal to repeal the schoolkids bonus—a cut that will cost the average family $15,000 over the period of their children’s primary and secondary education and a cut that is not related to the mining tax as it was not enacted by the MRRT bill. Further, it existed as the education tax refund before the MRRT was introduced. The government now plans to scrap the schoolkids bonus and not even reinstate the education tax refund. This secret cut will impact over 32,000 Tasmanian families. Around 60,000 Tasmanian children will go without the payment.
The schoolkids bonus delivers parents some extra help to meet the large costs associated with sending their children to school. When the schoolkids bonus was introduced, those opposite opposed it because they claimed it was not specifically targeted to education. They called it a cash splash and they did not trust Australian families to spend it on educational needs. They said the education tax refund was a better way—despite the fact that millions of families were not getting their full entitlement—and promised to increase it. The mums and dads that I talk to spend the money that they get through the schoolkids bonus on essentials: on uniforms, on excursions, on footy boots, cricket bats, guitars and recorders. It is clear that those opposite do not care about supporting families. I am heartened to learn that there might not be enough support for this measure in the Senate.

I call on the government to reflect on the impact of their proposals to stall the increase in the superannuation guarantee and to scrap the low-income superannuation co-contribution, backdated to July 2013. It is clear that the government does not care about support for low-income Australians who are saving for their retirement. The Minister for Finance, Senator Cormann, recently told ABC Radio:

For somebody who stays on the lowest income tax bracket for their whole working life, all the way through, I think you'll find that they will have the ultimate safety net. They will be supported by the aged pension once they reach retirement.

Minister Cormann just does not get it, because the measures they are imposing through the budget will actually reduce that income for pensioners.

The coalition government, and particularly Minister Cormann as finance minister, want to push the retirement age to be the oldest in the world, at 70. I challenge Minister Cormann to look a cleaner in the eye and say that his government is ripping money out of their superannuation to give to big miners. I challenge Minister Cormann to look an early childhood educator in the eye and say that he thinks the pension is the ultimate safety net. I challenge Minister Cormann to look current pensioners in the eye and tell them that cutting the indexation will keep the pension as the ultimate safety net.

The purpose of superannuation is to provide relief to the age pension system and to provide all Australians with options in their retirement. If the coalition get their way, people earning $37,000 or less will lose the tax incentive to make personal contributions to their superannuation. This measure effectively reduced the tax rate on personal superannuation contributions to zero. The coalition do not just want to reintroduce this tax on low-income earners saving for their retirement; they actually want to back date this measure, hitting the 3.6 million Australians, including 2.1 million working women, with an increase in their tax this year if they made personal contributions to their superannuation. These people entered the 2013-14 financial year on the understanding that they would be refunded their superannuation tax. This goes against all standards of responsible economic management. Again, I am heartened to learn that there is not enough support for this measure in the Senate.

This bill would also abolish the income support bonus, a tax-free payment to people on payments—including Austudy, Newstart, the parenting payment, and the children of our veterans who were killed or injured in action—to help with unexpected living costs, such as medical expenses or car repairs. If the proposed abolition is successful, around 1.1 million low-income Australians will lose the payment. It was introduced in early 2013 in recognition of the fact that the current rates of income support allowance payments are manifestly
inadequate’. The bonus provides $210 a year to single recipients and $350 a year to most couples, where both partners are eligible.

The Australian Council of Social Service has estimated that 57 per cent of parenting payment recipients and 28 per cent of Newstart allowance recipients could not afford to pay their utility bills on time, compared with 12 per cent of all Australians. That is what this government is about: in every way possible, unashamedly attacking Australians who are doing it tough. Once again, this has failed the fairness test in the Senate. I am proud to stand with the senators who will not be supporting this measure.

This government is even attacking its supposed base—2.7 million small businesses—by slashing the instant asset write-off from $5,000 to $1,000. The 'other measures' component of the bill will also close the loss carry-back scheme utilised by up to 110,000 businesses to smooth their tax over the good and bad years. Just like the 'other measures' in this bill, it has no friends outside of the coalition party room, with the Australian Industry Group and the Council of Small Business speaking out against the removal. The AiG said that the existing arrangement provides a very important boost to a company's cash flow 'at a time when they need it most and at a time when it is going to be most critical in ensuring the survival of that business'. Further, the AiG warned that the Australian economy faced a 'large gap in investment, particularly outside the mining sector' and that removing the instant write-off facility for small business would have a material effect on them and would 'decrease investment at the time it is needed most'. It is disappointing that it appears that not enough of the crossbenchers will vote to support small business in this way.

The 'other measures' in this bill also impose extremely negative effects on geothermal energy exploration. Under current arrangements, geothermal energy exploration and prospecting expenditure is deductible in the income year that the asset is first used or the expenditure is incurred. Under the new legislation, this expenditure would not be immediately deductible. The Australia Institute has observed that 'if this measure is repealed geothermal exploration will not have the same incentives as any ordinary explorer looking for fossil fuels'.

I conclude my remarks by restating that the MRRT has seen and will continue to see the benefits of mining shared across our community. I am pleased to speak against a bill that clearly demonstrates the policy differences of this cruel government and the Labor opposition. It is not an indecent proposal to provide transitional support for businesses and workers in industries hampered by the sustained strength of the Australian dollar. It is not an indecent proposal to impose a superprofits tax on coal and iron ore mining companies and to use that revenue to assist families, low-income earners, small businesses, regional communities and those exploring for commercial geothermal energy. This bill gives a $3.3 billion tax cut to Australia's largest mining companies over the forward estimates while at the same time cutting payments and tax relief to families, small businesses and low-income earners. **(Time expired)**

**Senator SIEWERT** (Western Australia—Australian Greens Whip) (18:44): It is ironic, isn't it, that on the same day that the government moves the second of its measures to cut revenue, revenue that would create billions of dollars, the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2], the Treasurer is on the radio in the morning, saying, 'We're going to have to bring in more cuts; we might avoid parliamentary processes for that.'
This is on the same day that we see two measures going through this place that take billions of dollars out of our revenue stream.

One reason the Treasurer says that the government has to bring in more cuts is that this place is not going to support and has already sent back to the other place measures that it does not accept, because we are listening to the community and we know the community hate the cruel budget the government has brought down. It is a budget that affects young people, students and single parents. Health payments affect pensioners, disability support pensioners, and Aboriginal and Torres Strait Islanders. You name it, this government has a go.

Because the community are saying no, standing up and making their voices heard and being listened to, the government, once again, go behind the back of parliament and say they have to bring in more cuts. And on the very same day the Treasurer is talking on the radio, they want to repeal another revenue-raising measure.

Coalition senators have said how this is a job-destroying tax. Senator Macdonald was in here, saying, 'It's a job-destroying, profit-destroying tax.' BHP increased its profits last year by 83 per cent, to US$8.1 billion. BHP WA alone increased its profits by 20 per cent, paying very little of the mining tax. So much for the job-destroying, profit-destroying tax! We are talking about revenue from the resources that all Australians own.

But of course the government, as usual, are protecting their big business mates at the big end of town. Yes, this tax could operate better and I will come to that in a moment. The government are looking after the big end of town. The three biggest mining companies in WA made profits of over US$17 billion. They paid no MRRT on that. But that is not enough for them, though. They want to make more, more, more and not pay their share. And the government want to protect those people, while making young people, students, single parent families, pensioners, people with disabilities live in poverty. That is what they are doing when they kick young people off the income support and make them live on nothing for six months. 'But it's okay, we've looked after the big end of town and the mining companies. Cross off the billions of dollars of revenue we could make from our own resources.'

Yes, this tax does have some flaws as Senator Milne pointed out. And Senator Macdonald, if you are listening, no, we were not there. You keep having a go at the Greens and saying, 'You were there and you supported the government.' Well no, we were not in the room—and, let me tell you, if we had been, the mining tax would not have been this bad! It would in fact have been fixed. It would actually be generating the billions of dollars that if you had actually listened—and even had the original one—you would now be making money from to provide the revenue that we know is needed to ensure that our community is a fair, just and compassionate community.

But no, you are running to the orders of the mining industry, who have graciously provided certain senators in this building with nice high-vis tops with their names on them. Senator Macdonald wore his into the chamber to do another little bit of advertising for the mining industry. That was clearly around Senator Macdonald trying to advertise for the mining industry. It sends a really clear message about who is giving the orders and calling the shots in this place. That is what it does. It sends a really clear message about who is calling the shots in getting rid of this mining tax that provides Australia with a fairer share of the super profits from the resources that they mine. I continue to remind people that they are Australia's
resources. It is only fair and reasonable that Australians get a fair share of the super profits from those resources—and this mining tax is about providing that.

Situated suspended from 18:50 to 19:30

Senator SIEWERT: I will start where I left off before we had that interlude for dinner. I was making the point that members of the coalition were in here 'vested up' by the mining industry, who quite clearly had vested interests. So it is appropriate that they provided vests for certain senators to wear in the chamber while they are doing the mining industry's work by getting rid of the mining tax for them. To make it even better for the mining industry in this country, and to ensure that the superprofits from their digging up of our resources are not shared with the community, those on the other side of the chamber make the most vulnerable Australians pay the price for their supporting and looking after the big end of town.

As I pointed out before, we do know that there are holes in this mining tax. We tried to fix them—and what this government should be doing, instead of scrapping this mining tax, is improving it so that it genuinely delivers a revenue stream that, according to the government, we need in this country. The government is saying that there is a budget emergency but, with gay abandon, they get rid of the carbon tax that would have generated billions of dollars for our country. Now they are in the process of trying to get rid of the mining tax—that would, again, generate billions of dollars for our country.

The Greens supported the original proposed tax on mining superprofits recommended by the Treasury in 2010, because it did make sense. It made sense because it was a tax only on those companies earning gargantuan, huge profits. It was fair because it ensured that Australians benefited from their exploitation of publicly-owned resources. The principle of the tax was that the superprofits were made by the mining companies when they were digging up mineral resources—which, I repeat again, are owned by all of us—and selling them. Originally, the tax was meant to be 40 per cent on superprofits above $50 million and applied to all minerals. It got watered down to an effective rate of about 22½ per cent on profits above $75 million. In its original form, it would have raised $4 billion last year alone.

As I said, you have got to keep in mind the fact that the three big iron ore companies, to which the mining tax applied, increased their profits by 81 per cent last year. In Western Australia alone, BHP's profits were up 20 per cent. Let's put to bed this myth, perpetrated by coalition, that this is a profit-killing tax. It simply is not true. We should have fixed the original proposal. We should have made sure that we put in place the original proposal. The current MRRT takes only 1.5 per cent off the companies' profit margins, but the government thinks even that is too much. Instead of fixing it—and making sure that we do get a fair share of revenue from our resources and a proper revenue from superprofits made from the mining tax—the government wants to hand back billions to the mining companies that should be put into our revenue stream so that we can look after the most vulnerable, so that we can provide a universal health system, so that we can make sure that we index our pensions and our Newstart payments and our income support payments properly so that we do support the most vulnerable members of our community. But no. Instead, the government is looking after their big business interests mates.

I come from the state of Western Australia. I have heard told many times that this is killing jobs and killing profits in Western Australia. But as I just articulated, funnily enough, profits from mining have gone up in Western Australia. Yes, Western Australia has benefited from
mining and we have benefited from the boom. I will come back to that in a minute. We do employ slightly more people in mining in Western Australia than we do in the rest of the country. However, about 92 per cent of Western Australians are not involved in mining in Western Australia—as opposed to about 98 per cent for the rest of the country. But in Western Australia we have had a two-speed economy. I had some work done on this a while back in my office and it clearly showed that if you are working in the mining industry, you are doing okay and getting higher wages. But if you are working in hospitality or retail or in the public sector, for example, you are not doing as well as those in the mining industry. But you are still expected to pay the high house prices that we have in Western Australia. You are still expected to pay the high rent prices we have in Western Australia—because, I will tell you, trying to find a house to rent in Western Australia is like finding hens' teeth. You are still expected to live in an economy that is geared towards those high-end earners and pay the prices they are paying. If you are in aged care, you still have to be finding workers to work in the aged care, because they are all going off to work in the mining industry. If you are working in farming, it does not take very long before people working in agriculture realise that they can make more money out of working in the mines. After they have been trained, off they go to the mines.

If you fall out of mining, then—because you have been used to the high payments in mining—it is very difficult to make those hire-purchase payments and things like that. Also, a lot of younger people who have gone into mining have not completed their technical training, because they have been enticed into mining, and then, when they fall out of mining, it is very hard to get a job without any other qualifications—I know that because I have spoken to a lot of people who work with people who have come out of mining without the adequate training and skills to find work elsewhere.

So, in Western Australia, yes, we benefit, but we also have the downside, which is a two-speed economy. And that issue has not been adequately dealt with.

Of course, as we have touched on, and as some other members in the chamber contributing to the debate have touched on, this bill also repeals some very important supports for families, for communities and, particularly, for people who are on lower incomes. For example, the Income Support Bonus is gone. I acknowledge that it is not a lot of money; it is about $105.80 if you are single, and it is paid twice a year. As I pointed out, I think we worked out that it was a cup of coffee a week. But when you do not have much money, every dollar counts. And that money is important when you are on a low income.

Then there is the schoolkids bonus, and that is extremely important to people on low incomes. It is extremely important to single parents, because—and we have traversed the debate on this issue a number of times in this chamber—the successive cuts that have impacted on single parents make it even harder for them to survive. The schoolkids bonus provides a little fill-up, just when they need to get their kids into school or to buy them new school uniforms or buy them necessities, and I have had single parents talk to me about the fact that it has actually helped make ends meet after school holidays, or just as their kids are going into school—because we all know that that is a very expensive time. Also, remember, they threw single parents onto Newstart, and, when they did, a number of single parents told me that they were advised by people at Centrelink to use their schoolkids bonus as a top-up,
because they had lost so much money through being dumped from single parent payments onto Newstart.

Then of course you have the low-income superannuation contribution, the loss of which is going to disproportionately impact on women. It is outrageous of this government. It has not fixed the high-end super contribution issues. It picks on the most vulnerable members of our community. Great job! While you look after your top-end-of-town mates, you impact on the most vulnerable members of our community. The low-income superannuation contribution was designed to help those on low and fixed incomes of under $37,000 a year, to help them build up even a modest retirement income. This is from a government that wants to make those same low-paid workers work until they drop, until they are 70, with no adequate super. And they are not doing enough to help them find work, either, when they fall out of work as older workers because they are being discriminated against. They cannot take a trick, these people. They are impacted every single way you look at it, and now you are going to add another hit to them. This cut disproportionately affects women, and Industry Super Australia has said that axing the rebate will affect around two million working women, including 80 per cent of female part-time workers. Older workers—in particular, women—already face discrimination in the workforce, and they have a variety of obstacles to improving their superannuation. It has been well known for a long time that there is a group of women who have very significantly low superannuation, and now you are going to give them another hit; now you are going to give them another cut. Well done! I hope you feel proud of yourselves! While you are looking after your vested interests and your mates at the big end of town, you are impacting on the most vulnerable of Australians. It is outrageous.

This government is clearly running to the calls of the mining industry. We supported the concept and the principles of a strong, effective mining tax, because we know that it is important that the resources of Australia help to contribute to the wellbeing of all Australians. We will not be supporting the repeal of this mining tax. It should be improved, not taken away. And we will not, as I said, support it. We have amendments before the chamber to make sure that these important components of the mining tax are retained. We will not be voting yes to get rid of this mining tax.

We will not help the Treasurer to undermine the budget—because that is what he is doing. The ridiculousness of him going on radio this morning and saying, 'I'm going to have to make more cuts because the Senate has torn holes in our budget,' when he himself is proposing to get rid of two effective generators of revenue for this country, the carbon price and the mining tax! Billions and billions of dollars he and his government are cutting. Well, we will not be aiding and abetting that. We will not be supporting the repeal of the MRRT.

Senator EDWARDS (South Australia) (19:43): I rise to speak on the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2], and to draw attention to Labor's embarrassing economic credentials and its history of overpromising and underdelivering. When it was first proposed, the minerals resource rent tax was expected to generate some $49.5 billion in revenue, encouraging the Labor government to lock in some $16 billion in expenditure over the current forward estimates. Instead, it has generated just $340 million in net terms. But, more than that, it has created an economic and regulatory environment which spurns investment.
But I want to take you, Mr Acting Deputy President, to my home state of South Australia. The Labor government has based its entire state budget on what went on to be the abandoned expansion of the Olympic Dam mine, which was supposed to deliver huge employment numbers and growth for a languishing South Australian economy. That was not only a blow to the economy but, significantly, a blow to the confidence of all South Australians. Like its federal counterpart, the state Labor government spent its money before it earnt it, and it is of great concern to me that that same Labor government is still in office today.

The minerals resource rent tax was another poorly constructed, poorly executed Labor tax that constrains businesses and shuns investments. Without the investments private enterprise makes, we will not have jobs in Australia and we will not have much of a future. As such, I support this bill that will repeal this useless tax.

Senator LUDWIG (Queensland) (19:45): The government has shown its true colours with the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]. The minerals resource rent tax is an efficient tax designed so Australians can share in the wealth we all own. We have a fundamental view that Australians deserve to share in the benefits of minerals we all own.

The repeal of the associated measures will hit Australians right across the board, especially those who can least afford it. It is an attack on all corners of society. Low-income earners, and women disproportionately, will suffer with the removal of the low-income superannuation contribution. Then there are the children of ADF veterans. Small businesses will suffer from increased taxes and compliance costs. Over 50s on the Newstart allowance who require income support to deal with unexpected living costs will not get assistance.

Another associated measure—and the list does not stop—is the discontinuation of company loss carry back. On that one alone I really cannot understand where the Liberal free enterprise spirit is. They do not want to assist small business; they do not want to help small business. In fact, they have said that a good tax and a good system, such as discontinuing company loss carry back, is plain dumb. This will hurt small business. You should be ashamed of yourselves.

Then there is the reduction of the instant asset write-off threshold from $5,000 to $1,000. Why do you hate small business? It does not make sense. Why do you hate small business? They want to discontinue vehicle accelerated depreciation. Again, why do you hate small business? There are many small businesses that could use the loss carry back and higher threshold for accelerated depreciation. Do you think small businesses ride bicycles? That is the only solution I can think of.

Then there is amending the geothermal exploration treatment, rephasing the superannuation guarantee increase and abolishing the schoolkids bonus. There is not a corner of society that they have not attacked in this repeal legislation. We oppose this repeal because it is economically irresponsible and hurts most those who can least afford it.

I was interested to read in The Australian this week that the Reserve Bank Governor, Glenn Stevens, has echoed concerns that we on this side have about the minerals resource rent tax. I think the heading says it all: 'The resources boom should have delivered more'. We benefited from the upswing of the mining boom and welcomed foreign investment—well, not all of us; some of the Nats in the corner over there probably did not welcome it as well as they should.
have. As we know, they are doormats to the Liberals. They rolled over with the Korean FTA, they really did. Thank goodness they did. We benefited from the upswing and welcomed foreign investment and jobs for construction of railway lines and infrastructure. However, we can draw a line here. The investment phase of the mining boom is coming to an end and the extraction phase is beginning in earnest. So the rivers of iron ore and coal are flowing but, unlike in the investment-construction phase, there will be fewer returns for Australians and more of the returns will flow overseas should this bill pass tonight.

That does not change investment decisions because investment decisions are long-term. They were made five, eight or 10 years out. We all follow that when you have a construction phase you then have a production phase. We are now entering the production phase where there will be opportunities for a return on the investment. This bill is going to squash that just when it should be working.

Economists are in agreement that most other taxes are less efficient than a rent tax. Cutting the minerals resource rent tax just increases the reliance on the more inefficient and less equitable taxes. But I am not surprised. This government has embraced taxes. It loves taxes. It used to say that we should lower taxes. If you look at the range of work that they are doing now, they are embracing taxes. We will get an opportunity to see their outcomes.

Let us turn to the associated spending measures. The Reserve Bank Governor is notoriously reserved. For example, he said in his monthly report about challenges for the Australian economy, 'Public spending is scheduled to be subdued.' Statements like this are perceived by the market to mean that the government's budget cuts will impact growth by reducing overall demand in the economy. It is not such a subtle message. I think the Reserve Bank has overreached itself in making things plain. It normally resorts to more subtle language. In plain language, in language we would understand: taking money out of the economy as the mining boom changes from investment to extraction puts Australia's growth at risk. That is what it does, short and simple.

I was also interested to read an article by Moody's Analytics about the effect of the government programs on the economy in the US. Tax cuts to high-income earners has little effect on increasing the GDP. There is only 35c extra GDP for every $1 of high-income tax breaks. Again you are using bad opportunities when you have good ones in front of you. However, the American child tax credit resulted in $1.38 increase in GDP for every $1 spent. The Washington Post said of this effect:

... tax cuts for lower-income Americans have a much larger multiplier effect on the economy ... as they're more likely to spend their tax savings immediately rather than tuck them away into savings accounts.

We, on this side of the chamber, know this is true from our lived experiences. It is a pity some of those on the other side do not have the same lived experiences.

The money from the schoolkids bonus is not squirrelled away for a rainy day. It is needed for the expenses of children at school. The schoolkids bonus is designed to go to people when they need the extra money. When the schoolkids bonus is removed for the purposes of this bill, low- and middle-income families will be hit to the tune of $410 a year for primary school students and $820 a year for high school students. The expenses for parents of school-age children are great—new shoes, schoolbooks, maybe a laptop, maybe an iPad, new uniforms, and the list goes on. That money that is spent by parents goes straight into the non-mining
economy. It is also worth noting that the non-mining economy needs some help after the hit to consumer confidence from the budget and the pressures on the Australian manufacturing industry caused by this government.

What about the over-50s who require income support to deal with unexpected cost of living increases? We know this allowance also goes straight into the economy. The over-50s will not get assistance if this repeal is successful. It is a modest payment, that is recognised, of just $210 extra per year for singles and $350 extra per year for couples. The abolition of this payment is opposed by National Seniors Australia. Who would doubt that the seniors need this payment? Who would doubt this payment goes straight into the economy, paying for the emergency plumber or those unexpected medical costs? You do not see seniors squirrelling the money away for a rainy day; it goes into the economy.

The mining companies may squirrel money away. Where will the majority of their gift from the government go? The gift from the government of $3 billion from the resources that we own will go to the owners of the mining companies, which are predominantly overseas owned. This is money that lost to our domestic economy. The Australian Institute states:

... this package as a whole transfers income from something like 10 million Australians, including the poorest ... The main beneficiaries ... are a handful of foreign owned corporations that are collectively worth $200 billion.

So when it comes to cuts and increased taxes, where does this government look primarily? It does not look to the big mining companies—it does not there at all. It looks to those on low and middle incomes. This is bad for the economy.

Let me make a prediction. We can expect a negative effect on the GDP for every dollar taken out of their pockets. The cuts associated with this bill and the other cruel cuts in the budget target those who can least afford it. Not only is this cruel to those on low incomes and those with children; it damages growth and damages business confidence. But hurting the economy is just one reason not to remove the measure associated with the minerals resource rent tax. The repeal of these measures will cause real hardship for hardworking Australians. I have ready touched on the hardships that families will feel from losing the schoolkids bonus, a hardship at a particularly tough time. I have also touched on the income support bonus, a payment of little over $200 that goes to Australians who are most in need. Children of veterans aged under-16 who are homeless or living away from home, or those under 25 who are unemployed or studying full time would have been entitled to receive this payment. It is a small thing to recognise their service, but the coalition have decided that these people do not deserve our country's support. Quite frankly, that is a shame.

The removal of the low-income superannuation contribution, despite a promise by the Prime Minister to not implement adverse changes to superannuation, will affect individuals by cutting the super of millions of Australians earning up to $37,000. But it will increase the super for the 16,000 people who have over $2 million in super balances. I think that says it all. That represents the modern coalition government. They will take from the poor and make sure the rich get richer. The MRRT repeal will increase superannuation taxes on one in three of Australia's lowest paid workers. This is a very strange move from a party that claims to be the party for lower taxes. No wonder Senator Cory Bernardi thought they had lost their way!

It is those on low and middle incomes, especially those in rural and regional areas, who will be disproportionately affected by the removal of these measures. Twenty-four of the 25
electorates that will be hardest hit by the removal of the low-income super guarantee are in—
guess where?—rural and regional areas. They will be impacted the hardest. I have no doubt
that the National Party will go out and tell them that! They will walk out of this place and go
to their electorates and say: ‘By the way, we’ve got rid of the MRRT and in the meantime we
are also taking super from you. Isn’t that fantastic!’ I would have expected the National
senators to have opposed this and to be up in arms. But we all know their histrionics. They
like to play the game in here, but they go back to their electorate and there is not a whisper.

It has been a long time since the Nationals have stood up for working people in rural and
regional Australia. One surprising proposal is their cuts to local government. That will hurt
local communities.

Senator Mason interjecting—

Senator Jacinta Collins interjecting—

Senator LUDWIG: That’s fantastic! I had a letter from the mayor of Cowra telling me
that cuts to the financial assistance grants will hurt the shire—$38,000 out of their budget in
the first year that will not be spent on local roads and community bridges and infrastructure.
And you wonder where the Nationals are when it comes to their local communities in regional
areas Nowhere. They may be here, but they are not there supporting their regional
communities. Cuts to superannuation hurt infrastructure. Superannuation invested in super
funds drives investment in infrastructure in Australia. Industry Super Australia estimates that,
combined with the proposed delay in increasing the superannuation guarantee to 12 per cent,
the removal of this superannuation will reduce national savings by $53 billion by 2021-22.
That is $53 billion less invested in projects like Australian infrastructure. The reduction in
available capital for infrastructure investment is forecast to be $5 billion based on current
industry-wide asset allocations. This is at a time when the government is scratching around
for funding streams to finance new infrastructure projects. Rural communities especially need
this vital infrastructure.

Low-income superannuation contributions are important for many reasons while, for high-
income earners, superannuation does have tax advantages. However, for low-income earners
there are effective incentives to encourage superannuation contributions. That is why they
structured the low-income superannuation contribution, because it addresses this very issue
and stops low-income earners being at a disadvantage when it comes to savings. The
Financial Planning Association of Australia was clear on this point. They said repealing the
low-income superannuation contribution will disproportionately affect already disadvantaged
members of Australian society and dissuade low-income earners from engaging with their
superannuation. The removal will particularly hit women; 2.1 million women will be affected.
Many are mothers working part-time while looking after young children. This is exactly the
part of a woman's career where an additional $500 a year going into superannuation will be of
the most benefit for building savings now and into the future for her retirement.

The 20 big miners are going to get a gift of $3.3 billion, and Australian businesses and
taxpayers will lose out. The budget—and the approach that the government has adopted since
taking office—says a lot about the values of this government. A tax grab on millions of
Australian low-paid workers to give a tax refund to large mining companies seems to now be
Liberal Party values. The minerals resource rent tax is not paid by a young family; a
pensioner does not pay this tax; a truck driver, a farmer and a shearer do not pay a cent of this
tax. The only group that pay this tax are mining companies with profits over $75 million. Only those with profits over $75 million begin to pay this tax—fewer than 20 companies in 2012-13. However, the people who suffer from the MRRT repeal are more diverse: small businesses, parents, school children, people saving for their retirement, those on low incomes, those exploring for geothermal energy, and the children of veterans.

The coalition rails against class warfare. However, when you look at the coalition and this bill, they practice class warfare to a tee. They are taking from small businesses, retirees, pensioners, parents and school children to increase the rent extracted from a shared resource by a select few who are earning profits over $75 million. That is the stark difference between the coalition—supported, surprisingly, by the Nationals—and us. The removal of the associated measures will impact on those members of the community who can least afford it. And you only have to look at the results of this. Again, I go back to where I started: I cannot fathom why you hate small business so much that you will not give them the tools to be able to have loss carry-back, to have accelerated depreciation, to have an asset write-off at $5,000—it does not make sense to me. Those on the other side have always said that they embrace small business and that they support small business. They are certainly not showing their colours now.

Senator DI NATALE (Victoria) (20:05): For many months, we have been told by this government that we have a budget emergency. We have been told by the government that we have a debt crisis and that we are going to run out of money. Indeed, I think the Treasurer, Joe Hockey, went so far as to say that we were running out of money and the cupboard was bare. He effectively declared the country bankrupt. You would think that, faced with a crisis of such herculean proportions—conjuring up images of the soup kitchens of the Great Depression—a government would be looking very hard at potential revenue measures and savings. It might look at the huge savings that could be gained from the enormous fuel subsidies given to industries like the mining industry. It might look at all of the depreciation benefits given to those same industries—worth billions of dollars. It may even look at things like superannuation tax concessions—things that benefit, disproportionately, people on very high incomes over those on low incomes. It might even look at something like negative gearing. It might look at revenues and it might say, 'Well, maybe there is a case, given that our big four banks are so profitable and that we in fact underwrite their success, to say that they should be obliged to provide a fair return.' It might look at the current mining tax and say, 'Well, why not strengthen it? Why not look at how we can ensure that we get a fairer share of the revenue from the mining industry?'

It might even look at the industries that are ensuring they pay very little tax here, looking for tax havens overseas and involved in one of the greatest corporate tax avoidance schemes that we have seen. You would think that might be a rational, reasonable reaction when faced with this budget crisis that lies ahead of us, but what is their reaction? Our budget emergency is so extreme, so severe and so catastrophic that, faced with that enormous challenge, one of the first acts of this government is, on this day, to get rid of $20 billion of government revenue. Sit back and think about that for a moment. This is a budgetary crisis of such enormous proportion that today we are wiping $20 billion from the budget bottom line. If there were ever proof that this budget emergency, this debt crisis, is simply a fabrication—something concocted in a coalition backroom today—you have seen the evidence.
The debates today have not just been debates about the mining tax and, earlier, the clean energy laws and the carbon tax. They are not simply debates about those taxes in isolation. They are debates about the sort of country we want to be. They are debates about priorities. They are debates about whether we can provide the things that the Australian community wants. We have choices. We can choose to keep the revenue from the mining tax. We could have chosen to keep the revenue from the carbon tax and we could have invested billions of dollars in health care, education, science, research and development, and vital infrastructure. We could have done that. We could have chosen to invest that money in the things that the Australian community say, time and time again, they want their government to do.

The other choice is this: we abolish those taxes and we slug the sick, the poor and the young in an effort to implement our agenda, which is a harsh agenda, that says, 'Get out of the road, Government. If you're sick, if you're poor or if you're young, we're no longer going to look after you.' It is a great tragedy because we had an opportunity today to not just save the mining tax but improve it, strengthen it and return to the original tax proposed by Kevin Rudd, backed by Treasury, to bring in billions of dollars more of revenue. It is a fair tax. It is a tax that says: 'If you're making extraordinary profits, most of which go offshore, you owe the country a fair share,' because the resources, the minerals, underneath our feet belong to every one of us. That is what we should have been doing today.

How do you reconcile where we have got to? How do you reconcile the mismatch between the rhetoric and the actions of the government? How can you understand, at a time when we have this enormous budget emergency, that we are slugging the people who can least afford it and we are abolishing sensible sources of revenue? I think the answer represents everything that is wrong in Australian politics. I think that is where it comes from. It is a testament to the power of lobbyists and vested interests who have unprecedented access to the decision makers in this country. Every day you see them walking through the corridors, knocking on doors, inside and outside of ministerial offices—people who are here to advance their own interest ahead of the national interest. The line between what is a lobbyist and what is a decision maker has become more and more blurred in this place. We are now seeing people from industry becoming employed as members of staff and, indeed, in some cases, becoming members of parliament, doing the bidding of big business rather than putting the national interest first.

It is not just a story of the power of special interests; it is also a story about the lack of political courage and conviction. It is the lack of political courage and conviction that gives the special interests in this place their power. We no longer believe enough in a cause to take a stand and say, 'We will fight this and see it through.' We have seen it with a number of other reforms. We saw it with poker machines; we saw it recently with junk food advertising and junk food labelling; we saw it with alcohol—we have seen it with a number of areas where the interests of a few are put ahead of the national interest. We need to realise that those groups only have their power because we give it to them, because we are not prepared to take up the fight. We are prepared to cave-in in the face of cashed-up advertising campaigns. We need to ensure that we put the interests of people who want a decent education, decent health care and, if they are down on their luck, welfare support. We have to put their interests first.

It is also a story about the huge disconnect between our politicians and the community. There is an emerging disconnect. When a government chooses to abolish sensible revenue
measures and implement a budget so harsh, so brutal and so severe—a budget that effectively
destroys the social contract that was built over decades—you know something is wrong.

We have heard a lot of discussion about mandates and this government's mandate to
implement these policies. But these choices were never put to the Australian community. We
now have a government that is governing not because it was honest enough to put these
choices to the Australian community but simply because it is not the current opposition. That
is what the last election was about. The election of 2013 could have been summarised in this
way: vote for us because we're not them. That is your mandate: to govern because you are not
the opposition. It was an election campaign that was devoid of any vision, ideas or policies of
substance. So do not mistake your election victory as a mandate to abolish these sources of
revenue and, instead, tax the sick, the poor and the young. Do not make that mistake. The
truth is that you were too frightened to put those choices to the Australian community. And do
you know why you were frightened? Because you knew you would lose.

Faced with the choice: do we want a fair mining tax, a decent education system, a decent
health system and welfare support for people when they are down on their luck? We know
what the Australian community want. They have said it time and time and time again. Most
Australians want decent health care. Most Australians want to be able to go to the doctor and
not have to think about their bank balance before they do. Most families want to send their
kids to university and not have to think about what the legacy of that education will be for
their children.

Most Australians want adequate investment in infrastructure. They want fast, frequent and
reliable public transport. They want investment in science. They do not want cuts to CSIRO.
They want to see that institution expand and grow. They want investment in research and
development. And they would support a stronger mining tax if they knew that that was the
choice in front of them. But you did not give them that choice, because you lacked the
courage to do it. You knew your vision was so brutal, so unpopular, so lacking in support that
you were afraid to put it to the Australian community. Instead, we have a government that
uses the word 'mandate' as though it has some meaning. You are only governing because you
were dishonest and because you are not the opposition. That is why you are here.

So I simply say this to Prime Minister Abbott: 'If you are determined to scrap these taxes
and shred the social contract that we fought so hard over so many decades to establish,
understand this—you do it at your peril.'

Senator CAROL BROWN (Tasmania) (20:18): I too rise tonight to speak against the
Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No.2]. Labor believes
that all Australians own a share of our mineral resources. Labor believes that all Australians
should share in the profits that come from extracting our natural resources. That is why Labor,
when in government, introduced the MRRT.

Those opposite are seeking to repeal this tax. The Abbott government is happy to see all
these profits go straight into the pockets of just a few people. This government is beholden to
the special interests of big business and the super rich. This government, by its first budget,
has clearly shown that it does not understand the pressures facing low- and middle-income
Australians.
To justify the repeal of this tax and the so-called related measures in this bill, those opposite rely on two contradictory arguments. Firstly, they argue that this tax is hurting industry. Secondly, they argue that it is not raising any revenue. They cannot have it both ways. In addition to repealing the MRRT, the bill before us today axes a variety of government payments, support bonuses and tax breaks that benefit Australians. These are initiatives, introduced by the Labor government, that make life a little easier for families, schoolchildren, retirees and businesses. But now those opposite want mining companies, making superprofits, to pay less tax and they want small businesses and the lowest paid workers to pay more tax. This legislation is a retrospective tax grab, which will hit millions of Australians—low-income earners, families and small businesses—and will give a tax refund to large mining companies. That is why Labor will again oppose this bill, the removal of the minerals resource rent tax and associated measures.

I wish to speak further about some of the associated measures. The first of those measures in the bill is the schoolkids bonus. Many in this chamber will remember that the Treasurer, Mr Hockey, put out this legislation to the public late last year, on a Friday. Attached to this piece of legislation, to many people's amazement, was the repeal of the schoolkids bonus. This payment currently benefits over 2.2 million school-aged children across the nation. It is a payment that is not linked in any way with the MRRT, despite the government's rhetoric. This is a vital payment that helps low- and middle-income families ensure that children are equipped and ready to engage in school. According to evidence given by ACOSS to the Senate Economics Legislation Committee inquiry into the Minerals Resource Rent Tax Repeal and Other Measures Bill, one in six children in Australia is living in poverty. That is over half a million children whose families may be unable, without the schoolkids bonus, to buy them school shoes or books. These are the very same families that have been hardest hit by the vicious cuts in the Abbott government's budget.

Evidence has been provided to me by the President of the Tasmanian Association of State School Organisations, Ms Jenny Eddington, who has indicated quite strongly how important and effective this particular payment is to families to enable them to provide the necessities that children need to be able to go to school.

Earlier this month about 1.3 million families welcomed the July instalment of the schoolkids bonus. This instalment of $205 per primary school student and $410 per high school student will help families—and it has been shown that it has been effective and is helping families—with the cost of school uniforms, shoes and sports equipment. In my home state of Tasmania more than 35,000 families received this payment. Many of these families have contacted me to tell me how important this payment has been to them, and just recently we tabled a petition in the Senate asking that the schoolkids bonus be spared from the Abbott government's axe.

The Tasmanian Association of State School Organisations President Jenny Eddington told me that the surveys they have conducted show that families rely heavily on this payment to properly equip their children for school. She said: 'It's important we keep this bonus. It's one of the single most valuable payments that has been made in recent years.' School associations have told me that, since the schoolkids bonus was introduced, there have been more children arriving better-prepared to start the school year and there are fewer parents taking out payment plans to pay off their levies.
I know that those opposite do not understand this. They do not understand the financial pressures facing families, or they would not be taking this measure. They do not understand how important this payment is to help families meet the cost of their children's education. It is a fair and reasonable payment that has helped many Tasmanian families, especially those on low and middle incomes. But as we have seen in the Abbott government's first budget, they do not understand or do not care about—I prefer to believe they do not understand—the financial pressures facing low- and middle-income families. We need to ensure that our kids are as well-equipped as possible to be able to get a great education. It is a real kick in the guts for hardworking families putting their children through school.

Scraping the schoolkids bonus means the average Australian family with two kids will be $1,230 worse off every year and $15,000 worse off over the life of their child's education. It is a cruel and underhanded move by the Abbott government which will hurt families who are already struggling. Not only is this government ripping off Australian families, it is trying to fool them about the reasons why. Those opposite claim that the schoolkids bonus was paid for by the MRRT. It was not. It has nothing to do with the minerals resource package, and those opposite know it. The schoolkids bonus replaced the education tax refund. The education tax refund was introduced in 2008 to help families cover the cost of educating their children. However, more than 80 per cent of families did not claim the full amount they were entitled to and 20 per cent did not claim anything at all. Some families lost their receipts, or simply did not keep them, or were unable to afford to pay for their children's school uniforms or other education costs first up and then wait months, or even up to a year, for a reimbursement on their tax. The schoolkids bonus simplified the process by making two up-front payments to parents when they needed it most. This government is trying to play Australian families for fools by repealing the schoolkids bonus as part of this package and as part of this bill.

This government seem intent on misleading the Australian people by blaming the minerals resource rent tax for cuts that have absolutely nothing to do with the tax. When the Prime Minister visited Tasmania he said regional development funding would be scrapped because it was paid for by the minerals resource rent tax. Here is what he said at his press conference in Wynyard in north-west Tasmania when asked about a Regional Development Australia Fund grant budgeted in May for the redevelopment of the Royal Hobart Showgrounds at Glenorchy in the electorate of Denison:

[It was] associated with the mining tax. Because we are abolishing the mining tax, we would abolish the programs and funding associated with it, unless we specifically committed to it ourselves. Sure, the [Labor] government announced the money for the showgrounds out of those funds. We didn't match it, so we are not committed to it.

So Mr Abbott is trying to use the minerals resource rent tax as a front to scrap vital infrastructure funding for Tasmania—a job creating project. It showed the Prime Minister clearly had not done his homework and clearly had no regard for jobs in Tasmania. The money for the showgrounds was not a part of the minerals resource rent tax. Labor put this money in the budget under the Regional Development Australia Fund. Despite the fact that Mr Abbott had his wires crossed and had not done his homework, his statement clearly shows that he would rather line the pockets of big mining companies than help communities like mine create jobs and growth.
I would now like to talk briefly about the low income superannuation contribution. The low income superannuation contribution, which helps one-third of the Australian workforce, is also on the chopping block here tonight—and Mr Abbott's government plans to implement that retrospectively. The low income super contribution currently benefits almost 3.6 million Australians who earn up to $37,000 per year by refunding their superannuation tax by up to $500 each year. We should not penalise the lowest-paid workers in our society for saving for their retirement, and certainly not retrospectively. Those hurt most by losing their low income super contribution are those who can least afford it.

Analysis done last year showed that 87,000 Tasmanians would benefit from the low income superannuation contribution. And now checkout operators, office cashiers, childcare employees, hairdressers, hospitality workers, midwives, receptionists and many others will lose this support. Part-time workers, young workers, older workers and half of the female Australian workforce will be hit by this move. Women face many challenges when saving for their retirement. We are paid less on average, often leave the workforce temporarily to have children, are over represented in lower-paid jobs and face barriers later in life. It is sickening that Minerals Resource Rent Tax Repeal and Other Measures Bill, which puts more money in the pockets of the big miners, penalises half of the female workforce in this country. It goes completely against the Australian values of equality and fairness.

The ABC has reported that, according to Industry Super Australia, this action by the coalition, those opposite, would cut as much as $27,000 from the retirement savings of almost 3.6 million Australians, and mostly—I will repeat for the benefit of those opposite—women and young workers. This is according to the body representing industry funds, Industry Super Australia. Industry Super Australia's chief executive David Whiteley says the changes are unfair and unsustainable. The ISA's submission also says the changes will disproportionately affect four in 10 regional and rural Australians. Mr Whiteley said the changes leave low-income workers without a tax concession on their superannuation, while those on high incomes already receive concessions. To quote Mr Whiteley: 'We would be very keen to see that this committee recommends to the parliament that every option is exhausted to make sure that all Australians are getting access to tax concessions on their super.' The ISA warns axing the rebate will undermine efforts to improve half of working Australian women's retirement savings, including 80 per cent of female part-time workers—all this as Mr Abbott's government plans to roll back the proposed 15 per cent tax on superannuation earnings over $100,000 a year.

As our population gets older, how on earth can it make sense to gut the superannuation savings of ordinary, working Australians? Surely the government would want retirees to prepare for an independent retirement? But here Mr Abbott is hacking away at the superannuation savings of low-income earning Australians to line the pockets of big miners. It is bad enough to ramp up taxes on workers who can least afford it, but making the new rules retrospective is cruel.

The Liberals have never supported the superannuation guarantee. Mr Abbott is on record as saying to parliament as far back as 1995:

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

And in 2012 he stated:
We have always as a Coalition been against compulsory superannuation increases. This is a government that is against helping out hardworking Australians on lower incomes—all the while shovelling money back onto the pile of money the big miners are already in possession of. It is not how the resources of our country should be used. The benefits they bring should be shared by all of us, especially those in our workforce. But this sort of mean-spirited move is, after just a few months, already becoming Mr Abbott's government's trademark.

I will take a few months to comment on the changes to the instant asset tax write-off and the loss carry-back tax incentives. These changes show that it is not just workers who are in Mr Abbott's sights; the leader of the Liberal Party, the so-called friend of small business, plans to make life tougher for small business as well. The Prime Minister plans to axe Labor's increase to the instant asset tax write-off, which saved businesses thousands of dollars at tax time. Under Labor's initiative, small businesses were able to write-off depreciating assets that cost less than $6,500. Those businesses have now been given until 1 January to make their purchases before the figure reverts to the former Howard government figure of $1,000.

The loss carry-back tax incentives allowed businesses to spread up to $300,000 as a refundable tax offset via the carry-back provision for the previous two years. Mr Abbott's cutting of the loss carry-back will hit more than 100,000 companies and will tear more than $900 million from the Australian economy. This was a law that allowed businesses to adapt to changing business and economic conditions. Similar schemes are in place in other developed economies, including the United Kingdom, France, Germany and the United States. These 100,000 companies have been given less flexibility, making it much harder to do business. How can that be good for businesses? It does not seem to matter to this government or Mr Abbott—as long as those big miners get their money.

Mr Abbott's push to strip back the minerals resource rent tax and to cut tax concessions, payments and bonuses is not only unfair but is also unpopular. In an article in the Australian on 4 November the headline rung out 'Business takes aim at MRRT repeal'. The article by Sid Maher said:

A TOP business group has attacked Tony Abbott's plans to scrap nearly $4 billion in tax concessions for mainly small businesses as part of the axing of the mining tax, arguing that it will permanently increase compliance costs and cut investment returns at a time when business is struggling.

The Australian Industry Group has told the government that its plans to reduce the thresholds available under the small business asset write-off regime from $6,500 to $1,000 'will add complexity and compliance costs for eligible small businesses'. Ai Group chief executive Innes Willox said in a submission:

It will subtract from their cash flow over the next few years at a time when many small businesses are struggling and it will reduce the return on new investment at a time when there is weak investment outside of the mining-sector.

The Liberal Party, the so-called friend of business, is so clouded by its determination to give money to the miners that it will hurt businesses. At a time when this country needs to be encouraging small business and diversifying the economy, Mr Abbott simply wants to rip money out of the economy and place it back in the pockets of the big miners. Schoolchildren, families, workers and business all will cop it so the miners get their money. It is a growing list of people who are unhappy with the Abbott government's move. But there is more.
Australians on a raft of allowances are also set to suffer, with the loss of the income support bonus. This payment provides $210 extra per year for singles and $350 extra per year for couples. I have not much time left to me, but I will repeat: this bill before us is set to hit workers, families and businesses. It is an unfair bill. It is a bill that only benefits the big miners and it rips money from those that can least afford it to give back to the big mining companies.

Senator RHIANNON (New South Wales) (20:38): What a week! We have seen the government really deliver in spades, so to speak, to the mining industry. They are right out there, you would have to say—sycophantic, pandering. It is going to be tough, because, when you do not have such a revenue stream coming in, somebody has to pay. What we are seeing here is a very clear reason why the coalition has earnt its name as the party of the one per cent. The government is actually propping up a dying industry, particularly when it comes to the mining of coal and the use of coal. The world is starting to turn its back on this industry—and that is why, at this moment, when Australia does have these resources that are being mined, and sections of the world do want them, rather than repealing this tax, we should be strengthening it. That is something that the Greens have long worked for and that is what should be happening tonight—but we know in fact it is going in a very ugly direction.

We will lose this very rich revenue stream. It is very simple, what is going on here tonight. Mining companies make massive profits, huge amounts of money, out of digging up the resources of this country. Surely much more of that money should come back to Australia, because by far the bulk of the profits go overseas. And we are talking really big profits. Just take three of the big mining companies—BHP, Rio Tinto and Xstrata. They are on track for $30 billion in after-tax profits for one year. That is not unusual. That is what has been going on year in, year out. I certainly acknowledge they are not just the profits from digging up our mineral wealth—they come from around the world—but a lot of the profits come from Australia. And, like they are ripping off Australia, so many of these companies are ripping off other countries, particularly many of the low-income countries.

I think we also need to ask ourselves: when we lose this revenue stream, who will pay? It will be the disadvantaged, who are copping it as we have seen set out in the budget. People who have been really targeted in this budget include the sick, Indigenous people, the elderly, students and people who are unemployed. They are the people who will carry the burden. Also it will be working people, because the taxes, the money, will have to come from somewhere. We again need to remind ourselves that the mining tax could be and should be a rich revenue stream. That was what was originally envisaged by the Henry tax review. It could have brought in $35 billion in the original form, with some of the loopholes plugged. That is where we should be heading. That is what big business should be paying for.

I think it is worth reminding ourselves what that money could and should have been spent on. This is the Australia that I think most of us envisage. It is just that, unfortunately, the policies of this very conservative, neoliberal government cannot deliver it for us because of the mean, greedy way they operate. We should have dental care. It is an extraordinary aspect of our medical service that the health of our teeth is not covered in a free universal health scheme. We should have high-speed rail—something the Greens have worked on for so long, along with so many in the community—along the east coast. The jobs boom that that would bring is so exciting. But, if we do not have the revenue there, it is certainly off for a long time.
There are issues to do with disability, with welfare, with public education. With regard to our higher education system, so much of Europe still has a free higher education system. This is not just light talk. This is not just something that is a dream of a past era. It is achievable. The revenue is there. We need a government with the political will to raise the money. Then there is the all-important area of overseas aid. We heard just yesterday that the government has come up with another way of taking money out of the overseas aid budget. Again, this is where we should be on track to get to 0.7 per cent of GDP, and we could be if the government had the political will to stick with and improve the mining tax.

I congratulate Senator Christine Milne and the Greens MP for Melbourne, Adam Bandt, who have consistently worked to strengthen this tax and save this important legislation. We have to acknowledge that this legislation has had an unfortunate history, with Labor watering it down from what was originally envisaged. That certainly was a setback. There has also been the problem with the loopholes. A deal was negotiated with the big miners, and they won hands down and the Commonwealth lost out. We lost out at a federal level in terms of funding, because every time the state premiers raised royalties it was a hit to Commonwealth revenue. The Greens worked, with a private member’s bill, to try and tighten up those loopholes and eliminate them. Again, there were so many possibilities with this legislation, and this was a big setback.

We also need to remember that a part of this story that we are dealing with tonight is the power of the mining companies. That is why Labor went for a weaker form of the tax and the coalition have delivered in spades. The coalition and Labor have benefited. Considering the wealth of the mining industry, I do not think it is that much, but, since 1998, the political donations to the Labor, Liberal and National parties run at more than $11 million. That is the amount of political donations to those parties over the period of time since 1998. These companies probably think it is just a bit of petty cash for them, considering the profits they make and what they get back. But they have got a lot more than just this weakening of the tax. I am from New South Wales, and what I have seen, year in, year out, from successive state Labor and coalition governments is a weakening of laws and a level of corporate welfare to the mining industry that is really quite staggering. It is very much part of the story we are dealing with tonight that the mining industry has become so powerful in this country that it is becoming quite bankrupting in its impact on our democratic processes and how the wider society works. I see townships, little villages, in parts of New South Wales that are just about ghost towns because of the way they have been treated by mining companies.

Let me list what mining companies get away with. It is much more than just getting this tax knocked out, as is about to happen tonight. They weaken the standards by which environmental and social impacts are judged—they have advocated for that and they have won. They get massive subsidies from governments. They get tax breaks. In New South Wales, they have achieved a weakening of the planning laws that cover mining applications. A really big issue is the lies about the number of jobs the industry delivers and its so-called economic benefits.

I want to go into the issue of jobs in more detail. As a Greens MP—I was fortunate enough to have the mining portfolio when I was in the New South Wales state parliament—and now as a Greens senator for New South Wales, I have found that we often have our position misrepresented. It is made out that we are damaging the economy. Because we are trying to
bring some balance to how mining industry operates in this country, it is made out that we are taking jobs away from people. That is an absolute lie. The new clean energy industry, the new clean manufacturing industry—that is where the big jobs growth is for the future. The mining industry is not where the jobs growth is. What we are seeing now is that the mining industry is actually a jobs killer. I will go into why I say that. Even where productivity might be going up, the jobs numbers have plateaued because of the high levels of automation in the industry. This so-called plus—that the mining industry brings benefits to communities—is well and truly a thing of the past, left long ago in the 20th century.

I will go through some of the job losses—I am talking here just about the Hunter. It is a big mining area in New South Wales but not the only one. These are some figures pulled together by the *Newcastle Herald* on 4 July. They report that 2,200 jobs went in one year. In only the last two months, these announcements have been made: BHP, 163 mining jobs to go; Arrium, 30 jobs to go; Forgas, 100 redundancies; Sandvik, 103 jobs; Powerserve, 178; and BHP, a further 50 contract jobs. Then Bradken announced jobs to go from its office at Steel River in Mayfield. The Brazilian mining company Vale confirmed about 500 jobs will be permanently lost as a result of the closure of two of its mines in the Hunter Valley. Then rail company Pacific National cut 4,500 jobs, many of them coal related—because the railways are so important to the coal industry there.

These job losses take such a toll on the Hunter region. A responsible government would be working with these communities. Clearly jobs will go. We are going to see more and more of that. This is where governments should be working with industry, working with the workforce and working with the unions on the transition to new jobs. Nobody should be out of a job when an industry has to change if a society realises in time that major restructuring steps are needed.

There are other aspects of the assistance the mining industry has had over the years. This has included the loosening of environmental protection and the removal of mining taxes. This has been a major theme of how the mining industry has been operating, particularly in recent times. Then there is the issue of subsidies. The Australia Institute has done some very useful work in identifying the volume of subsidies going to the mining industry. They have found $17.6 billion in government subsidies going to the mining industry. So here we are with these huge amounts of corporate welfare going to polluters, companies who are severely damaging not just the environment but the health of our communities.

Air pollution around these open-cut coalmines is now a huge issue of great concern, with the mining companies regularly breaching the standards under which they are supposed to operate. What do we hear when we raise these issues with governments? We have regularly asked questions. In particular, I used to ask questions of disgraced former minister Ian Macdonald in the New South Wales parliament. In reply he would talk about the rigorous environmental standards that covered these mining companies. But when he talked about 'rigorous environmental standards', those were just the words that came out of his mouth. The reality—and you can see it if you travel through the Hunter—is huge plumes of dust. That dust should not be allowed to get higher than the height of about two trucks before action is taken to limit it. But dust plumes just cover the Hunter. These are some of the problems the locals have to put up with—while industry gets away with it. Again, I am making the link with what we are dealing with tonight: industry, more and more, is dictating how
governments work. Governments are rolling over and letting them get away with so much. This is so unhealthy for our society.

I congratulate some of the aid organisations for the work they have done on the subject of tax avoidance by mining companies. I am not referring to tax avoidance only by mining companies; many multinationals are involved. Aid organisations have identified that if multinational companies in low-income countries paid all the taxes they ought to pay, those countries would be receiving more in tax revenue than they are receiving in aid. It is often the mining companies that are the biggest tax avoiders—and we know this is happening in Australia too. Recently there was an extraordinary report about Glencore, sometimes known as Xstrata. I must admit I usually do call them Xstrata because I got used to that, but they have now changed their name—probably because the Xstrata name had become a bit too discredited. It was reported that their income had been $15 billion over the past three years—and on that virtually no tax was paid. How does that happen? How does the government allow that to happen? What a reminder that we need a mining tax, a mining tax that is thorough, extensive and—as we have all been saying tonight—in the form originally envisaged by the Henry tax review. These profits arise out of Australia's wealth. The Australian people and the Australian environment should be benefiting from that huge amount of money. But, by using a combination of debt write-offs and various other accounting tricks, this company was able to get away with it. I find it really sickening that the government has allowed that to happen for so long. From what you hear, it is certainly not limited to one big mining company, Glencore—other mining companies do it to varying degrees.

I mentioned earlier some of the very useful work on subsidies being undertaken by the Australia Institute. The New South Wales government alone has given more than $870 million in subsidies over the past six years. What is even more alarming is the fact that the financial incentives offered to these companies rival what we spend on protecting our environment—again, this is in New South Wales. The Newcastle Herald has done some good work in this area. They report that, in 2013-14, mining companies received $136 million in various incentives and subsidies, while the Environment Protection Authority received only $2 million.

That $2 million actually explains quite a bit. There is an inquiry into the Environment Protection Authority going on in the New South Wales parliament—because the EPA has become such a weak body. I described earlier how these huge plumes of dust just cover communities in the here are very high levels of asthma in the area. What are people told when they want to complain? You are told to ring up the Environment Protection Authority, that the EPA has an office in Newcastle and that they will come and investigate. If you do ring them, though, often you will just get an answering machine or they will say, 'We will get there when we can.' They are totally under-resourced. They have put up some monitoring machines that measure the levels of air pollution, but it is really meaningless. We do not need to be just doing this monitoring; we need to be reducing the dust—the pollution—that is bringing such health problems to these communities.

Some of the issues that the people are living with day in, day out are the weakening of environmental laws, the weakening of planning laws and the weakening of tax laws. It is a theme that the mining industry, through its lobbyists, with its slick PR campaigns, with its
advertising blitzes that we have seen hit federal parliament back in 2010, has used to get what it wants. What I have seen time and time again is that what the mining industry wants the mining industry gets.

And then you come to some of the big laws. There are some big mining laws that cover the operations of these companies. Time and time again, when I was in New South Wales parliament, we would be told about how there are rules and standards. I pay tribute to the many communities that are taking on the coal seam gas industry across New South Wales. What you would find if they had a win—like the Liverpool farmers had a win in the courts against BHP Billiton wanting to come onto their land to explore, people took some of the mining interests to court in Port Kembla and there have been various wins—the Labor or coalition governments come into parliament and change the law so that way the community won would not be possible again. It indicates the power of this industry. Labor and the coalition so often when they are in parliament come in to give the benefits to this industry.

If you want to know more about it, just pay attention to ICAC. ICAC is about to resume again with the disgraced former Liberal minister Chris Hartcher. We have heard of some of the antics of Mr Obeid and Mr Macdonald. So much of that is to do with the mining industry. This industry is having a deeply corrupting influence on our democratic processes. What we have seen tonight might be legal, but it is certainly deeply immoral. What we are discussing tonight should be about repealing this bill; it should be about strengthening the mining tax. That is what this country needs.

Senator WHISH-WILSON (Tasmania) (20:57): I would like to quote one of my favourite authors, Gregory David Roberts, who wrote a book called *Shantaram*. I noticed this quote and wrote it down when I read the book nearly four years ago. I only recently read it again and, of course, remembered and revisited it. He said in the book, 'The only thing more ruthless and cynical than the business of big politics is the politics of big business, and when the two come together they are an unstoppable force.' I have been thinking a lot about that quote in recent weeks. The classic example of it is today with the carbon repeal package getting voted up. It was good public policy getting voted up by the business of big politics and the politics of big business coming together. We are about to see it very clearly with the mining tax repeal. We saw it in the chamber this week with the FOFA regulations, which were snuck through on the weekend while we were all away from Canberra, to support the big banks in what they wanted in terms of financial regulation.

So what exactly does he mean by the 'business of big politics'? There is no answer to that—it is all open to interpretation—but I think the author means the business of big politics is getting elected. It is getting your party into power, doing what it takes. That is reasonable for any political party because, if we all believe in what we do, we want to be in power to influence decisions and get outcomes in line with our political philosophy. But I suppose it all comes down to how ruthless and how cynical you are going to be in prosecuting your party and your party's interests and policies you put forward.

I have absolutely no doubt that the government, in the last three years of campaigning to get into power, have been the most ruthless, cynical government and opposition in this country's history. Some people would say they have done a good job. Some people would say, 'Well, it worked; they managed to get into power and they managed to help destabilise their opposition, Labor, here tonight alongside the Palmer United Party and the Greens.' But it was
at the expense of good public policy and the public interest. It is a very sad day for our
country when we see a political party—a political party that will do anything and say
anything to grab power—putting their own interests ahead of the interests of the Australian
people.

What about the politics of big business? That is pretty straightforward. The politics of big
business is doing what it takes, influencing who you need to influence to make more profit, to
look after the interests of your business and your shareholders. I see Senator Bushby
mumbling over there. Senator Bushby, you understand as well as I do that it is enshrined in
corporations law for a company to make returns to its shareholders. The No. 1 thing a
corporation is designed to do—and it is enshrined in law—is to make profits for shareholders.
To be precise, it is to maximise wealth. That is not necessarily a bad thing in itself,
but if the interests of that company are taken up by legislators and put ahead of the public interest then
that is a bad thing. We all know the special interest theory, we all learned it at university and
it is pretty well accepted. It is not just that these companies will lobby aggressively to get
what they want and donate to political parties—

Senator Cash interjecting—

Senator WHISH-WILSON: Through you, Madam Acting Deputy President, I will take
the interjection from Senator Cash on Graeme Wood, because it is exactly what I am talking
about. Graeme Wood made a donation to the Australian Greens.

Senator Cash: How much was it?

Senator WHISH-WILSON: Through you, Madam Acting Deputy President, it was $1.7
million, Senator Cash. He donated $1.7 million to contribute to a campaign to take action on
climate change. This is a really important point: that donation was made not in any self-
interest but to take action on climate change. It is very different to your donors, Senator
Cash—through you, Chair. It is very different to the big banks, who have given you money to
repeal the FoFA reforms. It is different to the mining companies, who donate to get the carbon
tax and mining tax repealed and to maintain their subsidies. We know they were lobbying
Treasury—there are several words I would like to add to enhance that description, but I do not
think I am allowed to say them in the chamber. They were lobbying the Treasury very hard to
get these concessions. That is understood under the special interest theory.

What is not as well understood in this theory is the fact that most voters, most citizens,
cannot invest the time to understand the issues that are at stake, because they are too busy
with their lives. The special interests know this and they prey on it. Then make it more
difficult by making issues complex. One of the classic things that they do is advertise, put out
misinformation and run campaigns to get what they want. Does that sound familiar, Madam
Acting Deputy President? The previous Prime Minister Kevin Rudd would be familiar with
that because he was knifed in the back because of what the mining companies did to the
Labor Party. The pressure they put on him brought a leadership change and the watering
down of this mining tax that we are debating the repeal of tonight. The Greens have said ad
nauseam that we wanted the mining tax fixed. We wanted it taken back to the original Henry
tax review and we wanted the tens of billions of dollars it would bring into this country to
help pay for schools and help pay for hospitals, but in this country and in this chamber we did
not have the political conviction to fix it. Now it is going, and the opportunity to levy a fair
tax on the resources, the mineral wealth, owned by all Australians has passed us by.
I have said this in previous speeches, but probably no-one in here was listening to them, so I am going to say it again. I attended Ken Henry's very last public talk. I was there at the exact minute he retired. It was at six o'clock on a Friday night at the University of Western Australia. He got up to speak and we introduced him as the head of Treasury and then, as the clock struck six, he became citizen Mr Henry, no longer in his position. He gave a great speech and, at the very end of the speech, we went to question time and a young student said to him: 'Mr Henry, what do you think is the biggest challenge facing this country?' And he said: 'A lack of political conviction for reform.' It is his review, the Henry review, that recommended this superprofits tax we are debating here tonight, albeit in a watered-down form. But it is his reform and I wonder how he feels tonight and today when he looks at this country.

He also said to that young student: 'I hope the bright young students in this crowd go into politics and public service and change the future.' He talked about action on climate change—it is all on record. That has also been torn up today because of the ruthless, cynical politics of the Liberal-National Party, which do anything, say anything, lie and deceive to get themselves into power. This is good policy. It is some of the most significant structural reform seen in this country in decades. It is an attempt to use the best economic tools possible to price carbon pollution—an externality, the biggest market failure of our time. Every tonne of carbon dioxide and greenhouse gas that goes into the atmosphere will impact the future of this planet. Only fools dispute that. Yet the best tools we have available—I agree they are not perfect and are just some of many approaches we need to take to problems like taking action on climate change—have now been ripped up because the Prime Minister of this country made a promise to an election that he knew might get him elected if he played his cards right. It had nothing to do with whether it was good policy or not. In fact, I watched the YouTube clip of him a couple of nights ago where he said he supported a carbon tax—when it suited his ruthless, cynical political agenda within the Liberal Party.

Let's go back and think about the mining tax and the carbon tax and what happened in 2010. I ran with Senator Milne on the Senate ticket in Tasmania, in 2010, and I was not here for the shenanigans that went on in parliament but, like most Australians, I watched from a distance. I remember the negotiations Prime Minister Tony Abbott had with the crossbenches and the Greens and I remember Labor's negotiations. The Prime Minister did not get to power. We all remember the famous quote from ex-MP Tony Windsor, who said that the Prime Minister had said he would do almost anything to get power, but he did not. Immediately a power-sharing arrangement was struck between Labor and the Greens, he opposed everything. He is not only opposed everything and campaigned ruthlessly and cynically against good policy day in, day out, but continued over the next three years to lie and deceive the Australian people. He has conned the Australian people. And we are about to find out the extent of that con when people do not get money back on their electricity bills and when their cost of living does not change one iota. I am looking forward, when that data comes in, to making sure that Australians know they have been conned and deceived.

But even if they did not know, we need to take action on climate change. It is the moral challenge of our generation. When I think about the special interest theory and about the lengths that big business will go to with their politics to get what they want, it suddenly occurs to me that not only are special interest groups donating to parties advertising against
them—aggressively, if they have to—with all sorts of different mechanisms but they are in this parliament controlling this Senate.

We are voting on a carbon tax today and a mining tax—a superprofits tax—maybe tonight or tomorrow. Mr Palmer, who runs the Palmer United Party, is a coal baron—I am not saying anything that is not factual here—and, supposedly, a billionaire who has extensive coal and iron ore interests in this country. Both of those commodities will pay taxes under the superprofits tax regime. I remember Mr Palmer saying that he would step aside if there were a conflict of interest. To be honest, I have not seen any follow-up on that. But I would expect—and I say this while Senator Wang is in the chamber—that the Palmer United senators will abstain from the vote tomorrow, because he has a direct conflict of interest in this debate. I would like to hear more from Mr Palmer on this. I have nothing against his success as a businessman; I have nothing against him as a person. But I do have something to say about his influence on public policy, when his own vested interests are clearly at stake here. The same applies to the vote from the Palmer United Party today on the price on carbon.

One of Mr Palmer's nickel companies pays carbon tax—that is all over the papers and everyone is aware of it. How is it that the man controlling this party was allowed to have his senators vote on that tax today? That matter is very important in this debate and has not been explored enough in the media. According to the Australia Institute—and these numbers are not disputed, although I note the coalition have expressed some cynical views about the Australia Institute in the past—$84 billion of pretax profits was earned by mining firms operating in Australia in 2011-12, of which nearly 80 per cent went offshore.

Ken Henry looked at the current royalties regime in this country and found it lacking. There is a huge amount of information on that if you want to have a look at it. He felt that a more efficient tax system, a fairer tax system, would be to introduce a superprofits tax that in periods of boom allowed Australians to benefit from the wealth that could go towards hospitals, schools, defence and all these areas of public interest. But in times of bust the system would share the risk with mining companies. That all went out the door and I have already gone through that. The opportunity to put a fairer, more equitable tax on the resources that are owned by all Australians is going to pass us by tomorrow if we do not keep this tax and if we do not go a step further and fix it.

Why have the coalition opposed the mining tax? I have already outlined my view: extreme, ruthless, cynical politics, tied in with a very cosy relationship with the big end of town. But they have consistently laid smokescreens in the Senate, things like, 'It's going to increase sovereign risk,' or 'It's going to impact the profits of the mining companies.' We know that it has not impacted the profits of the mining companies, because they have hardly paid any mining tax.

Let us deal with the sovereign risk. I have argued in here several times that it was a load of baloney. The latest update of 2014 Rankings of countries for mining investment: "where not to invest" by Behre Dolbear mineral industry advisers. I used to use a lot of these types of weightings when I taught international finance, when we looked at sovereign risk. They explain that there are a whole series of different things that they look at for sovereign risk. There are 25 main countries around the world where mining companies operate. They look at a country's economic system; the political system—often referred to in its own category as political risk—the degree of social issues affecting mining in the country; delays in receiving
permits due to bureaucratic and other issues; the degree of corruption prevalence in the country; the stability of the country's currency; and the competitiveness of the country's tax policy. Interestingly, that last one might intersect with what we are discussing here tonight. You can have a look at this document yourself. It is not very big. Out of the 25 countries where there is international mining and investment, Australia ranks No. 2 behind Canada. Of the West African countries that Senator Eggleston used to love talking about as being competition for Western Australian companies, Mozambique is ranked No. 22 out of 25. Mozambique is where one of the biggest mining companies in the world recently lost $8 billion and its CEO because of sovereign risk. Zambia and Tanzania are Nos 12 and 13. In the area of tax it is the same. We are No. 2 out of 25, only marginally behind Canada. Our ranking has improved in the last financial year, possibly because at the end of the day the mining companies were paying hardly any tax anyway.

There you have it. There are plenty more of these if senators actually want to go out there and have a look. The idea that, somehow, the mining tax was impacting on the profits of large multinational companies is baloney and it always has been. It is just one of the levels of deceit and propaganda that have been peddled by people to win a political victory.

I am going to finish on a topic that I know all of my fellow senators have talked about tonight. I personally agree with paying down budgets over time. What I do not agree with is the idea that we are in some sort of crisis. Sensible strategies are needed. Sensible strategies mean raising revenue as well as making cuts. We are kissing goodbye through both the carbon tax and the mining tax over $30 billion in revenue. Why? Because of someone's ruthless and cynical political agenda. Taxing bads like pollution and levying taxes on common pool resources are perfectly reasonable, efficient, logical taxation systems. Mr Henry and Mr Garnaut—you could list the eminent names who have supported this—agree, but it matters not a dam in this place. Sadly, it is very likely that, tomorrow, we are going to see the mining tax lost and with it the opportunity to get this right and, as we have seen in Norway and other countries, to get the money together for sovereign wealth that we can use to invest in innovation, technology, new industries, our hospitals and our healthcare system. Instead, we are taking money off the people who can least afford it and giving money to the big businesses, who make the most profit and who can survive on a more effective, higher tax regime.

Senator MADIGAN (Victoria) (21:17): The Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2] will remove what most Australians know as the mining tax. However, what most Australians did not realise at the election was that low-income superannuation contributions and the superannuation guarantee would also be on the chopping block. I support the government's intention to bring the budget back into the black, but I do not support penalising hard-working, low-paid Australians through these changes to their super. It is one thing to ask people to work for welfare; it is another to rip away from them what little potential retirement savings they will have.

It is for this reason that I again ask the chamber to consider supporting my amendments. By opposing schedule 6 we are allowing many low-income earners to save up to a further $20,000 in today's terms in their superannuation, with the average being between $5,000 and $15,000 for low-income earners. It has been forecast by Industry Super Australia that that would benefit some 3.4 low-income earners.
By opposing schedule 7, the chamber would be telling about 35 per cent of working Australians that they do not need to pay more tax on their super than they do on their income. Industry Super Australia puts it clearly, in stating that the low-income super contribution:

…operates as a tax offset, effectively refunding the contribution tax paid by low income earners on their SG and other concessional contributions up to $500 p.a, thus allowing low income earners to accrue a tax concession on their contributions like all other income earners.

By repealing schedule 7 of the bill the chamber would be allowing low-income earners to save up to $27,000 in today's terms when they access their super when they retire. If schedule 7 is not repealed, one in three working Australians will be left without any tax concessions from the government, despite having their super locked away until retirement. These are the working Australians who need concessions the most. I think it is important for the chamber and the government in particular to realise that there was no pre-election commitment to remove the low-income tax benefit by the coalition, and therefore I ask the government to reconsider its motives. Finally, the government should allow some respite for low-income earners when it comes to super. After all, increased super balances now will decrease the pressure on the taxpayer funded age pension in the future.

I turn to the other amendments before the chamber. Over recent days I have been contemplating how I would vote on the various amendments put forward by other senators. I could not help but be at pains to think what the right thing to do was. I was thinking about the budget, I was thinking about how savings needed to be made, I was thinking about how future generations should not have to pick up the bill for the government's poor management. I was also thinking of Phil and Tanya in West Melbourne, a couple I have spoken about on numerous occasions, a couple who work bloody hard to provide for the needs of their three children, a couple who could not afford grommets for their son's ears for 18 months until they could find a doctor who would bulk-bill. I realised that if the government could put a bit of thought into their policy not so much money would be wasted. Schoolkids bonuses for people on $240,000 a year—is that necessary? Of course not. Schoolkids bonuses for people on $50,000 a year—is that necessary? Absolutely. I cannot vote against people earning $240,000 receiving the schoolkids bonus. If I could, I would. But what I will support are those earning $50,000 receiving it.

I am trying to be fair to the government, but first and foremost I am trying to be fair to the people I represent—the people of Victoria, especially those who are battling. How about we start to get real? How about we start to stop kicking those who are down? How about the government tailor their policy a little more carefully and recognise that a one-size-fits-all approach is not right? After all, we still have enough money to be receiving here in this place above-average super payments.

If the government wants ideas on where to find money, here are a couple for consideration. Remove negative gearing for investment in established properties. Form a Commonwealth development bank. Bring back the Clean Energy (Income Tax Rates and Other Amendments) Bill that blew a $2 billion hole in the budget. Increase the deficit levy by one per cent—that will raise $1.2 billion alone. Review the value of MBS item numbers. After all, costs change. Require the government to give preference to Australian made product. It will support industry and keep Australians in a job. That means more tax and less welfare. What more could you want?
These are just a couple of ideas that just came to mind. But with all the great minds in the government, surely they can come up with a better, fairer budget. If not, I am happy to help. I will make sure they know what I think of the budget measures—what is fair and what is not. I will not horse trade but I will not bludgeon either. But you cannot make strawberry jam out of effluent. The government needs to be fair in their proposals and put a little more thought into what they are actually asking of people who are finding it the hardest.

Senator Cormann (Western Australia—Minister for Finance) (21:24): I thank all senators who have contributed to this debate on the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]. The mining tax is a failed tax. Indeed, it is one of the most fundamental policy failures of the previous government. It is a tax which targeted a very important industry for Australia. It is a tax that targeted an important industry when it comes to our future economic prosperity and opportunities for young people and others to get jobs. The mining tax was ill thought out, badly designed, complex, distorting, inefficient, costly to administer, costly to comply with and has not raised any meaningful revenue, yet the previous government already spent all of the money they thought it would raise before it had raised a zack.

On this side of the chamber we happen to think that a strong mining industry is good for Australia, for our future economic success. I heard Senator Wong say in her remarks how we cannot have it both ways by saying that it has not raised any meaningful revenue and that it has been a massive hit on the mining industry. Yes we can, because the government introduced this tax, saying it would raise $4 billion in year 1 and $6½ billion in year 2. Of course, we know that in year 1 in pre-instalments it raised just five per cent of that, 95 per cent less than forecast, and even that five per cent we are now refunding because of the dodgy deal that former Prime Minister Gillard and former Treasurer Wayne Swan did in a well-publicised way back in 2010. In the meantime it has created massive uncertainty and significant additional compliance burdens arguably at the worst possible time: a time when our terms of trade were starting to fall.

We do actually have a fair system to tax our mining sector. We have a system where mining companies have to pay royalties on production. For every tonne of resources that are taken out of the ground, the mining companies have to pay for the value of that resource. The higher the value of the commodity, the more they pay. The more volume they take out of the ground, the more they pay. It is very fair. And then, of course, the more profitable the company is, the more company tax they pay. I point out to the chamber that most of the company tax revenue in Australia comes from the mining industry and the financial services sector. Not that much comes from any other sector of the economy, the truth be told, when it comes to company tax revenue.

Senator Madigan just mentioned that nobody knew we were going to get rid of all the unfunded spending promises that Labor attached to the mining tax. I beg to differ. I was the shadow minister for financial services and superannuation in the lead-up to the last election and I am sure that people on the Australian Labor Party's side would well remember the amount of pressure they put us under for our promise to get rid of the carbon tax and to get rid of all the unfunded spending promises that were attached to it. Day in, day out there were press releases galore and email campaigns attacking us for making the obvious point that we
cannot continue to give away money we have not got. Even the most meritorious cause cannot be funded if we have not got the money for it.

And so the most important point that I will make tonight is this one: any senator voting to amend the mining tax to keep Labor's unfunded spending promises attached to it is voting to keep the mining tax. If you want to repeal the mining tax, you have to vote to repeal the unfunded spending promises that are attached to it, because we cannot afford to keep billions and billions of dollars worth of unfunded promises which Labor attached to a failed tax which has not raised any meaningful revenue. The truth is that, arguably, so far the mining tax, even without the unfunded spending promises attached to it, is actually costing the budget money. We were told it was going to raise $4 billion. The revenue, of course, came in 95 per cent below forecast, but that was based on quarterly instalments. It was based on, essentially, a guess of how much tax they would be likely to pay. Those preinstalments brought in $200 million worth of revenue but, on reflection and having reconciled all of the deductions that Wayne Swan made available to relevant taxpayers, it turned out that we had to refund all of it. And guess what? In the meantime it has cost the ATO alone more than $50 million to administer. Of course, the previous government spent $38½ million to advertise a tax which has not raised any money.

Even if it had raised everything the previous government said it would raise, it was always going to be a highly volatile, downward-trending revenue source, which the previous government attached to the increasing fixed costs over time of a whole series of spending promises and other budget measures with a rising cost. That just spells disaster. It was a structurally unsound package and it turned out to be much worse than what was expected.

I just conclude by, again, making the most important point tonight. The most important point that every senator in this chamber who wants to see the end of this bad tax, the mining tax, needs to reflect on is that any senator voting to amend the mining tax, to keep Labor's unfunded spending promises which they attached to it, is voting to keep the mining tax. There is no way that we can afford to keep billions and billions of dollars worth of unfunded promises which Labor attached to its failed tax.

That is why we commend to the Senate the bills in the form in which they are before us, with one small amendment to, essentially, increase by one year the phase-in of increasing compulsory super to 12 per cent in recognition of the fact that so far we have not been able to get this package of bills through the Senate and we have had to make some further schoolkids bonus related payments in particular. With those few words, I commend these bills to the Senate.

The PRESIDENT: The question is that the second reading amendment moved by Senator Waters be agreed to.

The Senate divided. [21:36]

(The President—Senator Parry)

Ayes .................33
Noes ..................35
Majority .............2

AYES

Bilyk, CL (teller) Brown, CL

CHAMBER
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<td>Williams, JR</td>
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Question negatived.

The PRESIDENT (21:39): Could I just advise senators that there may be the opportunity for us to have one-minute divisions in accordance with the standing orders. Senator Milne, do you wish to move your second reading amendment?

Senator MILNE (Tasmania—Leader of the Australian Greens) (21:39): On behalf of the Australian Greens, I move a second reading amendment:

At the end of the motion, add "but the Senate calls on the Government to recognise that the benefits of the mining boom should be enjoyed by all Australian society by:

(a) applying a 40 per cent tax rate to all minerals;
(b) rebating only those royalties that were in place at July 2011; and

CHAMBER
(c) allowing depreciation on the book value of the amounts actually spent on mining infrastructure only”.

The PRESIDENT: The question is that the second reading amendment moved by Senator Milne be agreed to.

The Senate divided. [21:40]

(The President—Senator Parry)

Ayes ......................10
Noes ......................55
Majority .................45

AYES

Di Natale, R
Ludlam, S
Rhiannon, L
Siewert, R (teller)
Whish-Wilson, PS

Hanson-Young, SC
Milne, C
Rice, J
Waters, LJ
Wright, PL

NOES

Back, CJ
Birmingham, SJ
Bullock, J.W.
Cameron, DN
Carr, KJ
Colbeck, R
Cormann, M
Day, R.J.
Fawcett, DJ
Fifield, MP
Heffernan, W
Ketter, CR
Lazarus, GP
Lines, S
Macdonald, ID
Marshall, GM
McEwen, A (teller)
McKenzie, B
Moore, CM
Nash, F
O’Sullivan, B
Payne, MA
Reynolds, L
Ryan, SM
Singh, LM
Sterle, G
Wang, Z
Wong, P

Bernardi, C
Brown, CL
Bushby, DC
Canavan, M.J.
Cash, MC
Collins, JMA
Dastyari, S
Edwards, S
Ferravanti-Wells, C
Gallacher, AM
Johnston, D
Lambie, J
Leyonhjelm, DE
Lundy, KA
Madigan, JJ
Mason, B
McGrath, J
McLucas, J
Muir, R
O’Neill, DM
Parry, S
Peris, N
Ruston, A
Seselja, Z
Sinodinos, A
Urquhart, AE
Williams, JR

Question negatived

The PRESIDENT (21:44): The question is that the bill now be read a second time.
The Senate divided. [21:45]
(The President—Senator Parry)

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

AYES
Abetz, E
Bernardi, C
Bushby, DC
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Leyonhjelm, DE
Madigan, JJ
McGrath, J
Muir, R
O’Sullivan, B
Payne, MA
Ruston, A
Seselja, Z
Wang, Z

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ (teller)
Fifield, MP
Johnston, D
Lazarus, GP
Macdonald, ID
Mason, B
McKenzie, B
Nash, F
Parry, S
Reynolds, L
Ryan, SM
Sinodinos, A
Williams, JR

NOES
Bilyk, CL
Bullock, J W.
Carr, KJ
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Lundy, KA
McEwen, A (teller)
Milne, C
O’Neill, DM
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wong, P

Brown, CL
Cameron, DN
Collins, JMA
Di Natale, R
Gallacher, AM
Ketter, CR
Ludlam, S
Marshall, GM
McLucas, J
Moore, CM
Peris, N
Rice, J
Singh, LM
Urquhart, AE
Whish-Wilson, PS
Wright, PL

Question agreed to.
Bill read a second time.

In Committee

Bill—by leave—taken as a whole.
Senator LEYONHJELM (New South Wales) (21:49): I oppose schedules 2, 3, 4 and 5 in the following terms:

(2) Schedule 2, page 21 (line 1) to page 27 (line 8), to be opposed.
(3) Schedule 3, page 28 (line 1) to page 29 (line 25), to be opposed.
(4) Schedule 4, page 30 (lines 1 to 27), to be opposed.
(5) Schedule 5, page 31 (line 1) to page 35 (line 28), to be opposed.

Each of these schedules increases income taxes on business and, in our opinion, they are the worst taxes on the government's books. Together they raise more tax revenue than the repeal of the mining tax will cost. I recognise the need to repair the budget, but the problem is excessive spending, not insufficient taxing. In particular, schedule 2 prevents companies from carrying losses back to an earlier year to obtain a tax offset. It represents a tax rise for businesses, particularly for businesses with varying profits and losses from year to year. Mr Temporary Chairman, do you intend to put each of the schedules separately, or together?

The CHAIRMAN: I intended to put the question that schedules 2 to 5 stand as printed.

Senator LEYONHJELM: I oppose schedule 3. Currently, small businesses can claim an immediate deduction for an asset costing less than $6,500; schedule 3 seeks to reduce this threshold to $1,000. The higher threshold should be retained as it reduces and simplifies tax for small businesses. I oppose schedule 4 as well. It removes generous tax rules for small businesses using motor vehicles, including an immediate deduction for the first $5,000 of the cost of a motor vehicle. This concession reduces the income tax burden on small business and it should be retained. I also oppose schedule 5, which removes the immediate deductibility of expenditure on geothermal energy exploration and prospecting. This immediate deductibility reduces the income tax burden on business and it should be retained.

Senator CORMANN (Western Australia—Minister for Finance) (21:51): This is where I go back to the most important point I made in my summing up—that any senator voting to amend the mining tax to keep Labor's unfunded promises that they attached to this failed tax is voting to keep it. We cannot afford to keep billions and billions of dollars worth of unfunded promises which Labor attached to a failed tax. Removing schedule 2 will cost about $1.3 billion over the forward estimates; removing schedule 3 will cost about $3.2 billion to the budget over the forward estimates; removing schedule 4 will take about $550 million off the budget bottom line; and removing schedule 5, another $15 million. For these reasons the government cannot support removing these schedules.

Senator MOORE (Queensland) (21:52): The Labor opposition will be supporting the removal of schedules 2, 3, 4 and 5. A number of speakers referred to these issues in their contributions to the core debate. What we are talking about here is investment in small business. At the moment we have a government that pride themselves on and lecture us consistently about the need for effective small business and the fact that only the government of today understand and support small business. The schedules we have in front of us now are quite targeted programs looking at flexibility and productivity for small business. We heard what each of them would cost, but we did not hear from the government what the investment in small business would bring back into the economy.

These issues are very important to small business. We have had the business community saying that these are things that should be maintained. They say they are practical and that
they should be put into practice. We heard the minister before we wrapped up talking about the cost and that the process would not be effective. Basically what we have here is a priority issue. The government is determined and prepared to give tax write-offs and support to large business—in this case, most particularly the mining industry—but says it is too hard where you have quite specialised important processes for small business in terms of their vehicles and their cash write-offs and flexibility across financial years.

There is also the very important issue of geothermal investment. This is something we have talked about consistently when looking at the range of energy options in our community. This was a targeted program to allow people to invest and do research in this area, and we believe it is important it be retained. We think this should be seen as an investment in what will be brought back into the economy, into business confidence and into the effectiveness of local small businesses. A number of our people in their contributions mentioned people contacting them about the importance of this aspect—local businesses saying that these things are working and are important to them. They are very new. They have hardly had a chance to settle in in terms of people understanding how they work. We heard the minister talk about the impact to the tax department in actually implementation and administration.

These were new tax initiatives, as in fact were the others. When you set up new programs in any department that is an expensive process to do—to set them up. Once they are in place they begin to flow more easily. We believe these are important initiatives. They are things that our government did in consultation with small business and we think they should be supported.

**Senator HEFFERNAN** (New South Wales) (21:55): Can I just say—and I know I have not given notice—that this would all be doable if everyone in this chamber was fair dinkum about revenue leakage and the $1.3 trillion last year of revenue leakage in eight of the G20 nations. It is like the Tour de France: anyone that won in the last 20 years cheated, but no-one has complained because they are all cheating. Why don't we as a nation get fair dinkum at the group of 20? There is $37 trillion in tax havens. We can do all this, Senator Leyonhjelm, if we as a nation and the group of 20 say, 'We are sick of the taxpayers of this country having pressure on them and the corporates looking the other way.'

**The CHAIRMAN:** Order! The question is that schedules 2 to 5 stand as printed.

The committee divided. [22.01]

(The Chairman—Senator Marshall)

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<thead>
<tr>
<th>Ayes</th>
<th>Noes</th>
<th>Majority</th>
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<tr>
<td>34</td>
<td>33</td>
<td>1</td>
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**AYES**

Abetz, E
Bernardi, C
Bushby, DC
Cash, MC
Cormann, M
Fawcett, DJ (teller)
Fifield, MP
Johnston, D
Lazarus, GP

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Macdonald, ID
A pilot project.

The CHAIRMAN (22:03): Senator Leyonhjelm, because that amendment was not successful your next proposed amendment is now redundant.

Senator CORMANN (Western Australia—Minister for Finance) (22:03): I table a supplementary explanatory memorandum relating to the government amendment to be moved to this bill. I move government amendment (1) on sheet BJ276:

1 Schedule 6, item 1, page 36 (lines 5 to 9), omit the item, substitute:

1 Subsection 19(2)

Repeal the subsection, substitute:

(2) The charge percentage for a quarter in a year described in an item of the table is the number specified in column 2 of the item.

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<th>Item</th>
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<td>2 Year starting on 1 July 2014</td>
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<tr>
<td>4 Year starting on 1 July 2016</td>
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On 23 June 2014, the government flagged in the House of Representatives that further changes to the superannuation guarantee schedule announced in the budget would be introduced as an amendment to the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013. Today, I move this amendment, which will increase the super guarantee rate to 9.5 per cent from 1 July 2014 and then remain at 9.5 per cent until 30 June 2018. It will then increase by 0.5 per cent each year until it reaches 12 per cent in 2022–23. This amendment is required because the Senate previously opposed the government's proposal to pause the SG rate at 9.25 per cent. It is the fiscally responsible and necessary thing to do.

Senator MOORE (Queensland) (22:04): The Labor opposition will be opposing this amendment—I am sure that is a surprise to the minister. This is not a technical amendment. This is actually of deep importance to every person who has superannuation in our nation. It will mean literally billions of dollars to individual superannuation recipients across our country, as the indexation of the rise is changed. This is a common element of the budget provisions that came through recently, where in a number of our standard payments the government claims that there is no decrease but that, in fact, it is just a change. This is a slower rate of increase.

So we disagree with this. We have an expectation of an effective super future in our nation. Treasury analysis shows that a continuation of Labor's policy settings in this area would result in the proportion of older Australians on the full rate of age pension being reduced. That is the whole idea of the process. An effective super scheme, which, as we all know, is so important to Labor policy and our heritage, ensures that people have a sustainable future and that they will not be reliant on welfare into their futures. We believe that through maintaining our proposal for the growth of the super guarantee we would give more security to the process. People would understand their relationship with their super and they would gain more earnings. We believe this is a backward step and completely disagree with the government's position.

The CHAIRMAN: The question is that government amendment (1) on sheet BJ276 be agreed to.

The committee divided. [22:10]

(The Chairman—Senator Marshall)

Ayes .....................30
Noes .....................36
Majority ...............6

AYES

Abetz, E
Bernardi, C
Bushby, DC
Cash, MC
Cormann, M
Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Question negatived.

Senator MADIGAN (Victoria) (22:13): I oppose schedules 6 and 7 in the following terms:

(1) Schedule 6, page 36 (lines 1 to 13), to be opposed.

(2) Schedule 7, page 37 (line 1) to page 39 (line 3), to be opposed.

Senator MOORE (Queensland) (22:13): We commend our proposition to the chamber. This is important. We wish to stick to the original program and the original legislation in terms of the increase to the superannuation guarantee. I have already spoken about the importance of superannuation to our community and to our economy, and I commend our proposition to the chamber.

Senator CORMANN (Western Australia—Minister for Finance) (22:13): I have made the point previously that this is a tax that has not raised any meaningful revenue. It has a whole lot of unfunded promises attached to it which are not affordable. Any senator who votes to amend this bill to impose measures that are not funded is essentially voting to keep the mining
tax. This particular measure would add another $2.6 billion hit to the budget bottom line if it
was adopted by the Senate. The government opposes this proposition.

The CHAIRMAN: The question is that schedule 6 stand as printed.

The committee divided. [22:18]

(The Chairman—Senator Marshall)

Ayes ...................... 35
Noes ...................... 33
Majority ............... 2

AYES

Abetz, E  Back, CJ
Bernardi, C  Birmingham, SJ
Bushby, DC  Canavan, M.J.
Cash, MC  Colbeck, R
Cormann, M  Day, R.J.
Edwards, S  Fawcett, DJ (teller)
Fierravanti-Wells, C  Fifield, MP
Heffernan, W  Johnston, D
Lambie, J  Lazarus, GP
Leyonhjelm, DE  Macdonald, ID
Mason, B  McGrath, J
McKenzie, B  Muir, R
Nash, F  O’Sullivan, B
Parry, S  Payne, MA
Reynolds, L  Ruston, A
Ryan, SM  Seselja, Z
Sinodinos, A  Wang, Z
Williams, JR

NOES

Bilyk, CL  Brown, CL
Bullock, J.W.  Cameron, DN
Collins, JMA  Dastyari, S
Di Natale, R  Faulkner, J
Gallacher, AM  Hanson-Young, SC
Ketter, CR  Lines, S
Ludlam, S  Ludwig, IW
Madigan, JJ  Marshall, GM
McEwen, A (teller)  McLucas, J
Milne, C  Moore, CM
O’Neill, DM  Peris, N
Polley, H  Rhiannon, L
Rice, J  Stiewert, R
Singh, LM  Sterle, G
Urquhart, AE  Waters, LJ
Whish-Wilson, PS  Wong, P
Wright, PL

Question agreed to.
Senator LAZARUS (Queensland—Leader of the Palmer United Party in the Senate) (22:20): The Palmer United Party oppose schedule 7 in the following terms:

(1) Schedule 7, page 37 (line 1) to page 39 (line 3), to be opposed.

We oppose this schedule of the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No.2], commonly known as the mining tax repeal bill, to ensure the low-income superannuation contribution is continued.

Senator CORMANN (Western Australia—Minister for Finance) (22:21): As we made very clear in the lead-up to the last election, we were committed to getting rid of the mining tax and we also said that, given this is a failed tax which does not raise any revenue, we were also going to get rid of all the unfunded spending promises attached to it. This proposal before the chamber has a cost of $3.6 billion over the forward estimates, which is of course $3.6 billion the budget does not have. That is why the government is opposed to this proposition.

Senator MILNE (Tasmania—Leader of the Australian Greens) (22:21): The Australian Greens have an amendment which is identical to what has just been proposed, the aim of which is to retain the low-income superannuation contribution. The low-income superannuation contribution is about reducing inequality in Australia and that is something the Australian Greens are passionate about. One of the worst things happening in this country is the widening of the gap between the rich and the poor. Taking away the low-income superannuation contribution at the same time as allowing the wealthiest people in the country to maximise their wealth through superannuation is quite wrong. At the same time as the Prime Minister is supposedly standing up for women in Australia, he is taking away the low-income superannuation contribution, which is a real attack on women—because we know that women are the ones who are likely to have lower incomes and who are more likely to be left without adequate superannuation. That is why we so strongly support this proposal.

As for the government going on about removing the mining tax and therefore having to remove the unfunded other programs associated with it—how about a bit of consistency? The government has today removed the carbon price but kept all the carbon price compensation. At the same time it is hitting the community with co-payments. It is taking with the one hand and giving with the other. So it is a bit rich to hear a minister talk about 'unfunded' parts of something while they are abolishing the mining tax. They are busily rearranging the deck chairs on the Titanic—and that is precisely where the government's budget is. It is the Titanic and it has hit the iceberg of the Australian community. That is exactly how Australians feel about this government—and they are not likely to warm to it.

Senator MOORE (Queensland) (22:23): The low-income superannuation contribution was an important initiative of the last Labor government. We are committed to superannuation. We are particularly committed to effectively providing superannuation options for the most vulnerable, low-paid workers in our community. The low-income superannuation contribution was focused specifically on low-paid workers. It was to ensure that their superannuation would be maximised. If we lose this, we will be increasing superannuation taxes on one in three of Australia's lowest paid workers.

There has been great support—identical motions—from a range of parties in this place. It shows that they have been listening to the community. There has been an extremely strong community response to this particular element of the process. We have had email campaigns
and people coming to see us. They care about this particular payment. They care about their superannuation.

This will be one step towards making superannuation more equal in our community. As Senator Milne has said, there would be a particular impact on women. We know from the statistics—that is clear. There is no lack of clarity around the importance of this particular process. This encourages people to look after their superannuation process. It links them into their superannuation. One of the elements has always been having people own their own financial integrity through their superannuation. This is an important element.

In the last parliament this was one of the major things we were able to do as a government. We are committed to this process. We strongly support the amendments before us—by so many people. We are sharing this amendment. We call upon the government to support this amendment, it is so important. Please vote for this amendment.

**The CHAIRMAN:** The question is that schedule 7 stand as printed.

The committee divided. [22:30]

(The Chairman—Senator Marshall)

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Question negatived.

Senator MOORE (Queensland) (22:32): The schoolkids bonus is a very important Labor initiative. We are committed to retaining the payment. Mr Chairman, I think you would remember that everyone on this side of the chamber who spoke in the debate talked about the importance of the schoolkids bonus. They shared with the chamber the kinds of information that their communities were giving them about how important the payment is to them, their families and their school communities. In fact, a number of senators spoke about how important this is to their schools.

It is odd that we are even debating this payment in any discussion of the mining resource tax. We do not understand why it is linked to this process. We are not surprised by the fact that the government is trying to cut the bonus, because we have seen that in a range of other areas in this space. The schoolkids bonus was never part of the debate on the mining resource tax but getting rid of it seems to be.

It is important to note that many of the families who could lose this important payment which is so important to their kids education and their ability to be engaged in the wider activities of the school, which is what the schoolkids bonus was designed to do, are the same families who will be affected by other proposed changes that the government has put into its budget. Consistently we say that when you are looking at the impact of any change you should look at the cumulative impact. This is one change that we do not want to see. We want to retain the schoolkids bonus. It is important. People know about it. They look forward to it. They celebrate when they receive it for their children at school. We believe that it should be retained. I know that there are many people with similar amendments who feel exactly the same way.

The opposition opposes schedules 8 and 9 in the following terms:
(4) Schedule 8, page 40 (line 1) to page 45 (line 9), to be opposed.
(5) Schedule 9, page 46 (line 1) to page 49 (line 24), to be opposed.

Senator LAMBIE (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (22:34): I rise to speak to amendment 7517 to the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2] circulated in this chamber in my name. The first provision of the Palmer United Party’s amendment to the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2] prevents the Abbott government from repealing an income support bonus detailed in schedule 8 of the legislation before this place. The second provision of this amendment to the Minerals Resource Rent Tax Repeal and Other
Measures Bill 2013 [No. 2] stops the Abbott government from repealing the schoolkids bonus detailed in schedule 9.

The Palmer United Party accepts the argument that the Labor-Greens mining tax was a failure, has caused a loss of confidence and jobs in Australia's mining industry and must be repealed; however, in repealing the minerals resource rent tax the Palmer United Party will not allow this Prime Minister and his Liberal National government to take important funding away from schoolkids, hardworking Australian parents and the orphans and children of badly wounded veterans.

Without this Palmer United Party amendment the Prime Minister and his Liberal National Party government will be able to cause a great injustice and punch a gaping hole in the budgets of ordinary Australian battlers. I am proud to be a part of a political team that will stand up for ordinary Australians against the extreme budget cuts which the PM has tried to justify by spreading the falsehood that Australia is facing a budget emergency. Everyone now knows that Australia is not facing a budget emergency. Even Rupert Murdoch's *Australian*, which I try not to read, because I find it an abuse of the word 'Australian' because its content is dictated by an American billionaire, admitted last weekend that Mr Abbott has overegged rhetoric surrounding a 'budget emergency'. Indeed, the exact words used in an editorial in Mr Murdoch's paper which busts the myth of the great Australian budget emergency are:

The government was also hampered by its foolish, over-egged rhetoric of a “budget emergency”. The prime issue was always a structural fiscal deficit, which needed to be fixed over the medium term. Without a budget emergency, even an American billionaire knows that the Liberal Nationals' extreme budget cuts are not warranted. The financial problems we face can, as Mr Murdoch’s paper says, be fixed over the medium term.

With that important point in mind I turn to the government's proposed removal of the income support bonus, which our amendment to schedule 8 will stop and protect. The member for Moncrieff and Parliamentary Secretary to the Treasurer announced in five sentences during his second reading speech the repeal of the low-income support bonus. The member for Moncrieff and Parliamentary Secretary to the Treasurer proudly announced in his last sentence regarding this provision:

The removal of this measure will improve the budget position by $950 million by 30 June 2017.

What the secretary to the Treasurer did not announce in his speech to parliament or describe was the fact that this measure scraps very modest yearly payments of about $211 to the children of veterans who have been killed or badly wounded while serving their country. Why? This is one of the most contemptible and unbelievable budget cuts contained in the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]—indeed, in the whole of the Abbot-Hockey budget. This Prime Minister and government, if we allowed them, would take on average $211 a year from the orphans and children of badly wounded veterans who receive those modest payments in a school bonus. What sort of heartless, uncaring souls would agree with that budget cut?

Plenty of members of this parliament who support these vile budget cuts will line up on Anzac Day and give wonderful speeches. They may even shed a crocodile tear as they pose with my veterans for photos. I have one simple message for those contemptible politicians: it is time you lived up to the Anzac legend and not off it.
I now turn to the Palmer United Party's amendment that will prevent the repeal of the schoolkids bonus, whose funding guarantee is found in provisions of schedule 9 of the bill currently before the chamber, the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]. If the Palmer United amendment, which blocks the repeal of schedule 9 of the bill, is not supported by members of this chamber, then over the next three years Mr Abbott and Mr Hockey will be given the green light to rip nearly $4 billion from Australian mums and dads who have children at school. If the Palmer United amendment is not passed, then for the next three years Tasmanian families, along with all Australian families, will lose nearly $1.3 billion a year after the Prime Minister abolishes the schoolkids bonus.

I have received correspondence from a Tasmanian constituent regarding the government's proposal to abolish the schoolkids bonus. It is important that this ordinary Tasmanian voice is heard in this place during this debate: 'Hi, Jacqui. I hope I have the correct email contact. Congratulations on your election. The reason I am contacting you is as follows. Tony Abbott and the Liberal Party are planning to scrap the current schoolkids bonus and I am begging that the Palmer United Party will give strong consideration to blocking this move. In 1993, when we had our first child, my wife and I took the commitment that she would stay home and look after our children rather than go back to full-time work and place them in child care. Since that time, I must say that it has not been easy to make ends meet, but we stood by our commitment. Our youngest child is now 13 and my wife, although having occasionally worked part time, is not working at present and is still committed to being present when our daughter arrives at home from school. We therefore rely on this little bit of extra income from the schoolkids bonus to come into our household. If the cut was to go ahead this will put us even further behind the eight ball. Several weeks ago, I tried to contact our new local House of Reps member, Andrew Nikolic, but he must be far too busy to reply to my email, as I still have heard no response. In closing, I would like to thank you for your consideration of the matters raised in this email and I look forward to your reply.' This person then informed me, in more recent correspondence: 'If we as a family lose the current schoolkids bonus, which is an extremely welcome addition to us, we'll be around $820-plus a year worse off.'

Why does this government want to take about $820 a year from ordinary Australians—decent people who struggle to pay the bills and raise a family and educate their children? I accept the argument the member for Moncrieff and Parliamentary Secretary to the Treasurer raised, when he said on Monday, 23 June 2014, during the second reading debate of this legislation in the House of Reps:

The repeal of the MRRT will restore confidence and promote activity in the mining industry, creating jobs and contributing to the prosperity of all Australians. It sends a clear signal that Australia is determined to remain a premier destination for mining investment, and is once again open for business.

I also accept his statement:

Mining companies in Australia will continue to pay their fair share of tax through state royalties and company tax.

The mining tax is also a fiscal disaster.

However, when the Parliamentary Secretary to the Treasurer says:

The repeal of the mining tax and associated measures will improve the budget's bottom line by over $12.6 billion by 30 June 2017—
it shows that the budget bottom lines are more important to this Liberal-National government than the lives and the wellbeing of Australia's sick, poor and needy, who are targeted and harmed by these unnecessary budget cuts.

With this and other Palmer United Party amendments, we are providing Australia with a win-win solution to the fiscal disaster that the minerals resource rent tax has become, while protecting assistance to important groups of Australians. This parliament can scrap the MRRT, thereby restoring hope and confidence in our important Australian mining industry, and also boost economic activity and create jobs. This parliament can also send a clear message to the government by voting for the Palmer United amendments to protect modest public funding for children's education. This message is simple: we do not want our government to take away assistance from those who have the least and are doing it so tough.

In summary, the Palmer United Party is happy to repeal the MRRT. We accept that the tax has failed its stated purpose. However, the Palmer United Party urges all members of this chamber who have a sense of fairness and want to protect the battlers and their children to support our amendment which will stop a $4 billion cut to funds, which directly contribute to our children's education. I urge all members of this chamber to support PUP amendments which will stop this government, because of blind ideological reasons, from targeting the orphans and children of badly wounded vets.

In closing, I once again pay my deepest respects to serving and former members of our military and their families for protecting us and sacrificing all to keep democracy and freedom alive in Australia. I commend the Palmer United amendments to the Senate.

Senator MILNE (Tasmania—Leader of the Australian Greens) (22:45): The Australian Greens support the amendment that has been moved by the Labor Party and by the Palmer United Party. The Greens agree and, no doubt, others in the parliament will as well. The fact of the matter is that we are in a situation where some of the poorest people in the country, particularly single parents, are up against it. I want to put it in this context: under the last government, the Labor Party, with the support of the coalition, absolutely undermined support for single parents in this country. If you were to make this even worse by taking away these small benefits, it would be shocking.

In Tasmania there are a lot of people who rely on this. A woman rang our office saying that she was desperately concerned that, as a result of the Abbott government budget, she would not be able to get a uniform to send her child to school with and she was devastated by that prospect. The Schoolkids Bonus and the income support bonus are not large sums of money, but they really matter to people who have very little. That is the fact. It is really sad, actually, that we have got to a point where the Abbott government is moving to take away every level of support and to undermine family payment support and, at the same time, end the mining tax on the big miners.

As I said in my speech earlier today, Glencore made $15 billion and they have paid zero tax, and they are going to be let off the hook tonight by the absolute abolition of the mining tax, and the government are saying that they are prepared to make this attack on some of the poorest families in the country. It is not on. I want it absolutely on the record before the government gets up to say, 'This is so unfair. We're abolishing the mining tax. Therefore, we should have to abolish everything it would have funded.' The Greens have offered to assist in this matter. We have said we are prepared to fix the mining tax to make sure the big miners
actually pay their way, so that the likes of Glencore do not get away with making billions out of our resources and paying no tax. We are prepared to make sure a mining tax works, returns the billions that it ought to return to the Australian people and, at the same time, support low-income people and people trying to send their children to school and benefiting from the Schoolkids Bonus.

The fact of the matter is that the Palmer United Party ought to not be voting on this tonight; they should be abstaining from the vote in the parliament. The conflict of interest provision is meaningless if you have a political party led by a coal billionaire voting to abandon the carbon price, which has a direct pecuniary interest with Queensland Nickel, for example, which is owned by the leader of the party who is here tonight, voting to end a mining tax which would apply to his particular mines. It seems that this is how low we have come in the Australian parliament. That conflict of interest means nothing anymore.

**Senator CORMANN** (Western Australia—Minister for Finance) (22:49): The government cannot support these amendments. Removing schedules 8 and 9 from the mining tax repeal bill would cost the budget bottom line about $5.9 billion over the forward estimates. So, what I would say to the honourable senator from Tasmania, Senator Lambie, is that we cannot scrap the mining tax while keeping the unfunded promises Labor attached to it. We were very transparent in the lead-up to the last election—that we would scrap the mining tax and we would also scrap all of the unfunded promises that were attached to it.

Senator Moore asks how we could have possibly linked the schoolkids bonus to the mining tax. Well, we are taking our lead here from the former minister for finance, Senator Wong, who said:

And I think the Government’s approach with the mining tax and making sure the benefits of that flow through to families, particularly low and middle income families through the School Kids Bonus, where people get assistance for kids’ education …

That was in an interview with Michael Smyth on ABC Adelaide Drive on 6 June 2012. The most substantive point I would make is: we understand that the schoolkids bonus provides income for families. But what I would ask people to reflect on is that we are borrowing money to give it away, and we are asking our children to repay that money that we are borrowing today, with interest. In our view, that is not the best way that we can support our children. The best way we can support our children is by building a stronger economy and creating more opportunities for people to get ahead and making sure that we leave our public finances in a healthy state so that our children do not have to carry the burden of the debt that the Labor Party has left behind for us.

**Senator WHISH-WILSON** (Tasmania) (22:51): I would just like to add weight to comments that Senator Milne made in relation to the Palmer United Party's vote on the mining tax. I think the bit that Senator Lambie has not worked out yet—and I believe she is genuine in her comments about compensation to low-income families and the children of veterans et cetera—is that someone has to pay for that, and, in that sense, I am sympathetic to some of Senator Cormann's comments tonight. We have to raise the revenue somehow, and it is a very obvious conflict of interest: that her boss, Clive Palmer, who has iron ore and coal interests, should be paying the mining tax, and, in this situation, he has, potentially, a deciding vote on a matter of public policy. He is a special interest—and this is not a personal thing at all. He has the chance to dictate public policy in this respect. Nevertheless, he has a conflict of
interest. In this instance, the Greens are asking the Palmer United Party, through you, Chair, to stand aside and abstain from the final vote on the mining tax because of that conflict of interest.

The CHAIRMAN: The question is that schedules 8 and 9 stand as printed.

Question negatived.

The CHAIRMAN: Senator Lambie, you now have a consequential amendment, which is (1) on sheet 7517.

Senator LAMBIE (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (22:53): I move amendment (1) on sheet 7517 in an amended form, replacing '7' with '6'—this is subsequent to the removal of schedules 7, 8 and 9:

(1) Clause 2, page 2 (table item 3, column headed "Provision(s)"), omit "9", substitute "6".

Question agreed to.

Senator MOORE (Queensland) (22:53): I move the amendment standing in the opposition's name.

The CHAIRMAN: I am sorry, Senator Moore; you do not need to move that amendment; that has now been made redundant by the previous amendments. So the question now is that the bill, as amended, be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

Third Reading

Senator CORMANN (Western Australia—Minister for Finance) (22:55): I move:

That this bill be now read a third time.

The PRESIDENT: The question is that the bill be now read a third time.

The Senate divided. [22:59]

(The President—Senator Parry)

Ayes ......................36
Noes ......................30
Majority ...............6

AYES

Abetz, E
Bernardi, C
Bushby, DC (teller)
Cash, MC
Cormann, M
Edwards, S
Fierravanti-Wells, C
Heffernan, W
Lambie, J
Leyonhjelm, DE
Madigan, JJ
McGrath, J
Muir, R

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Day, R.J.
Fawcett, DJ
Fifield, MP
Johnston, D
Lazarus, GP
Macdonald, ID
Mason, B
McKenzie, B
Nash, F
AYES
O'Sullivan, B
Payne, MA
Ruston, A
Seselja, Z
Wang, Z

Parry, S
Reynolds, L
Ryan, SM
Sinodinos, A
Williams, JR

NOES
Bilyk, CL
Bullock, J.W.
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lines, S
Ludwig, JW
McEwen, A (teller)
Milne, C
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wong, P

Brown, CL
Cameron, DN
Di Natale, R
Gallacher, AM
Ketter, CR
Ludlam, S
Lundy, KA
McLucas, J
Moore, CM
Polley, H
Rice, J
Singh, LM
Urquhart, AE
Whish-Wilson, PS
Wright, PL

Question agreed to.
Bill read a third time.

STATEMENT BY THE PRESIDENT
Wearing of Campaign Material in the Senate

The PRESIDENT (23:01): Order! Earlier this evening, during debate on the second reading of the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2], Senator Bernardi, who was in the chair, undertook to refer to me a point of order raised about a garment being worn by Senator Ian Macdonald. The garment was bright orange in colour and had a small slogan above the left-hand breast area which read 'Australians for Coal'.

It is very well established by rulings of past presidents, including President Calvert in 2003, that it is not in order to wear in the chamber T-shirts or other clothing bearing slogans. I understand from senators speaking to the point of order that the garments had been distributed to senators by the Minerals Council of Australia, which is behind the Australians for Coal campaign. I understand that the garments bear senators' names on the right-hand breast area.

The basis of these rulings is that the wearing of such garments would allow senators to participate in debate in a non-verbal way, other than by receiving the call from the chair and participating in accordance with the normal rules of the Senate. It would be highly undesirable to have debate in the Senate reduced to the level of displaying such material and I confirm that the wearing of such garments in the Senate is disorderly, regardless of the size of the slogan on the garment.
In a related incident, I understand that Senator Ludlam was called to order by the chair for sitting near Senator Macdonald—so as to be in range of photographers taking shots of the senator with the call—and displaying a sign on a piece of paper. This is disorderly on the same basis. Holding up newspapers or placards or displaying items such as badges with slogans is also disorderly and has been ruled as such by presidents Sibraa and Reid on numerous occasions. Such practices are disruptive of orderly debate by allowing senators to intervene in ways other than by receiving the call from the chair.

I understand that senators have strong views on many issues, but debate in the Senate is subject to simple and reasonable rules to maintain order. I support all rulings by past presidents and I inform senators that they will be called to order in accordance with these rules in the future.

Sitting suspended from 23:04 to 09:00

Friday, 18 July 2014

The PRESIDENT (Senator the Hon. Stephen Parry) read prayers and made an acknowledgement of country.

STATEMENTS

Ukraine Air Disaster

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (09:01): I seek leave to make a short statement regarding the tragic news this morning concerning Malaysia Airlines flight 17.

Leave granted.

Senator ABETZ: Honourable senators will have woken to the news that Malaysia Airlines flight 17, on a flight from Amsterdam to Kuala Lumpur, has been lost in Ukrainian airspace. The aircraft had 280 passengers and 15 crew. The information we have is that there are no survivors. Dutch authorities have advised that, according to their records, some 27 Australians were on board this aircraft, but final figures are yet to be provided.

There is not much more for me to say at this stage about this very sad news except to express, on behalf of the government and, I am sure, all senators, our sincere condolences to the families of the Australian citizens and all others on the aircraft.

I use this opportunity as well to advise people listening that, if you have concerns for family or friends, you should attempt to contact them directly. If you are unable to contact them and still hold concerns for their welfare, the 24-hour consular emergency contact number of the Department of Foreign Affairs and Trade is 1300555135. I thank the Senate.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (09:02): by leave—On behalf of opposition senators, I express shock and grief at the fate of Malaysia Airlines flight MH17, and our thoughts are with the families and friends of those who have lost their lives. The loss of Australian lives and the lives of so many others is heart-wrenching.

For those who have lost loved ones today, words cannot suffice. This is a terrible tragedy and it reminds us of what really matters. It reminds us of the preciousness of life, the importance of family, friendship and love.
On behalf of the opposition, I join with the government in offering whatever support we can to those dealing with this dreadful news this morning.

Senator MILNE (Tasmania—Leader of the Australian Greens) (09:03): by leave—On behalf of the Australian Greens, I join with the remarks made by Senator Abetz and Senator Wong and express our absolute condolence to everyone affected. Our hearts go out to all those families and friends.

These tragedies have ramifications that go through the whole of society. I understand from the most recent reports that it is understood that at least one expert, and maybe more, coming to Australia for the International AIDS Conference were on board the flight. That means the ramifications go to all the people who are at that conference this weekend. No doubt, as more details emerge, this tragedy will touch many, many Australians.

We join with everyone in the Senate and in the Australian parliament in sending our love and support to everybody who is affected.

The PRESIDENT: I ask honourable senators to join with me in standing in silence as a mark of respect to those who have died in this tragedy.

Honourable senators having stood in their places—

The PRESIDENT: I thank honourable senators.

Business

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (09:05): by leave—Mr President, given that today, in a Senate sense, is an extension of yesterday and not a typical Senate day, I thought I would briefly take the chamber through the way things are likely to play out. According to the Dynamic Red, we will deal with the Qantas Sale Amendment Bill 2014 and the Land Transport Infrastructure Bill 2014. Last night the House received a message in relation to the Asset Recycling Fund Bill and the Asset Recycling Fund (Consequential Amendments) Bill 2014. The other place did not agree with the amendments made in this place, so that bill will come back to the Senate, which will have the opportunity to insist, or not, on the amendments it made.

The other place will at this stage be meeting at 11 o'clock. They will receive a message in relation to Minerals Resource Rent Tax Repeal and Other Measures Bill 2013. I anticipate that the House will not agree to the amendments made here. In that event, a message will come back and the Senate will have the opportunity to either insist, or not insist, on the amendments made in this place. If the Senate were to insist on the amendments, then that legislation would fail and the mining tax would remain in place.

I should also indicate that Senator Cormann will not be here today and that Senator Abetz will be handling the Asset Recycling Fund Bill and the Minerals Resource Rent Tax Repeal and Other Measures Bill on behalf of the government.

Colleagues will be aware from the Notice Paper and also from a message circulated from Senator Abetz's office that Senator Hanson-Young's disallowance motion in relation to the Migration Amendment (2014 Measures No. 1) Regulation 2014 was postponed to the next sitting day. In the ordinary course of events, the next sitting day would have been the first sitting day in August. We have advice from the clerks that, although the Senate would
consider today to be a continuation of yesterday, there may be other places that do not hold the same view and, to avoid unintentional consequences, it would be appropriate for the Senate to address that disallowance motion today. At an appropriate point in the course of the day, I will be seeking leave to move a motion to bring that on. At the moment, I would anticipate that that would be at the conclusion of dealing with the Qantas Sale Amendment Bill, the Land Transport Infrastructure Amendment Bill and any messages. However, if there is another juncture in the course of the day that is more appropriate, we will obviously talk to all parties and crossbenches in relation to that. I thought I would indicate the way today is likely to flow.

COMMITTEES
National Capital and External Territories Committee
Public Works Committee
Meeting
Senator BUSHBY (Tasmania—Government Whip in the Senate) (09:09): by leave—I move:
That—
(a) the Joint Standing Committee on the National Capital and External Territories be authorised to hold a public meeting during the sitting of the Senate today, from 9 am to 11 am, followed by an in camera hearing;
(b) the Parliamentary Standing Committee on Public Works be authorised to hold a public meeting during the sitting of the Senate today, from 9 am to 11.30 am, followed by an in camera hearing.
Question agreed to.

BILLS
Social Services and Other Legislation Amendment (Seniors Health Card and Other Measures) Bill 2014
Bill received from the House of Representatives.
Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (09:10): I 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 FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (09:10): I move:
That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.
The speech read as follows—
This Bill will implement the Government's election commitment to index income thresholds for the Commonwealth Seniors Health Card.
The seniors health card is available to people who are of age pension age but who do not qualify for the age pension—typically, self-funded retirees.

Qualification for the seniors health card depends partly on a person satisfying the seniors health card taxable income test. Under that test, the person's adjusted taxable income must not exceed the taxable income limit that applies to the person's family situation.

Those income limits are currently set at $50,000 for singles and $80,000 for couples.

The taxable income limits are not currently indexed, and have not increased since 2001.

Introducing indexation means more people will satisfy the seniors health card taxable income test and therefore qualify for the seniors health card.

The Government recognises that self-funded retirees, after a lifetime of hard work, have made a significant contribution to our nation's success. They are entitled to a safe and secure retirement.

We also recognise that, by looking after their own retirement needs, self-funded retirees save the Commonwealth Budget considerable pension costs.

However, we know that many self-funded retirees are not wealthy and face financial pressures. Those who meet the current income test and therefore hold a seniors health card are rightly concerned about modest changes in retirement income potentially causing them to lose their entitlement to the card.

Unexpected medical bills can be a significant worry for many seniors in that position.

Indexing the current income thresholds so they do not erode in real terms will allow more self-funded retirees to qualify for a seniors health card— or to keep their card despite small increases in their income beyond the current limits.

This means more seniors will be able to access the concessions that come with the card— including medicines listed in the Pharmaceutical Benefits Scheme at the concessional rate.

Indexation of the income thresholds will occur annually, starting on 20 September 2014, and will be based on movements in the Consumer Price Index.

This measure applies to the seniors health card under either the Social Security Act 1991 or the Veterans' Entitlements Act 1986.

The Bill will also make minor and technical amendments to portfolio Acts, including reflecting changed public service administrative arrangements.

Ordered that further consideration of the second reading of this bill be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

Qantas Sale Amendment Bill 2014
Second Reading

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

Senator CAMERON (New South Wales) (09:11): Firstly, could I personally associate myself with the remarks made by Senator Wong, Senator Abetz and Senator Milne in relation to Flight MH17 and express my condolences to the families and friends of all who have been lost in this terrible tragedy.

Labor will not be supporting the repeal of part 3 of the Qantas Sale Act. The consequences of this legislation risk the break-up of Qantas—it is just that simple. The legislation allows for Qantas international to be separated from Qantas domestic. Labor does not support these changes. Labor supports keeping Qantas Australian, not because it is a national icon but
because it is in our national interest. Keeping Qantas Australian does not just mean in terms of ownership. It also means keeping its operational base here in Australia—and I am sure other senators will talk about the implications of the operational base being maintained within this country. It means keeping its head office in Australia. It means keeping its board in Australia.

I remember some years ago reading an article about the emergence of the 'virtual airline'. That meant you simply had a name—and in this case the name would be Qantas—but all of the airline would be operated remotely from where the airline was based. The maintenance would be done overseas, the catering could be flown in, the administrative work could be done overseas and the flight attendants hired overseas. All of these issues were outlined as being where some in the airline industry wanted the industry to go. This became the 'virtual airline'.

Well, I want an Australian airline. Labor wants an Australian airline. We do not want a virtual airline. The problem we have is that the coalition, after telling people in the lead-up to the election that they wanted to keep the iconic Australian airline, Qantas, in Australian hands, when they are in office again it is a different story. This is a government that cannot be trusted. It cannot be trusted to hold to its word on almost anything. It has lied its way into power, it continues to lie in government, it continues to cover up the implications of the decisions it makes—and the Australian public are saying, 'We do not trust you.' The Australian public are correct in saying that they want to maintain Qantas in Australian hands, and they are correct in not trusting this government to maintain Qantas in Australian hands.

The repeal of part 3 of the Qantas Sale Act means that what they said before the election will not be delivered after the election. We need Qantas to be Australian based. We need it for a whole range of issues: to maintain jobs in Australia and to maintain skills in Australia for our security both on a domestic and a regional basis. We want the Qantas group and its 300,000 workers to still call Australia home. The Abbott government on the other hand could not care less if its changes export jobs and leave the door open for what shadow transport minister Albanese has called the 'flying kangaroo becoming the flying panda or the flying camel'.

The coalition has been all over the place on its position on this important issue, an issue that impacts on the job security of thousands of Australians. Back in December the Deputy Prime Minister said that there was no support amongst the Australian people for these changes. Well, Deputy Prime Minister, you are right. When the Labor government proposed making modest changes to the Qantas Sale Act that would keep Qantas in Australian hands but reduce restrictions on foreign investment in the airline, guess what? The coalition opposed it.

The now Treasurer, Mr Hockey, said that any reduction in the restrictions on foreign ownership was not in the 'national interest'. The Nationals leader and now Deputy Prime Minister, Mr Warrant Truss, said in 2009:

Loss of effective Australian control could leave Australia without an airline primarily committed to our interests. What safeguards will be put in place for the Australian flying public, particularly those in regional areas?
This care for Qantas remaining in Australian hands is now gone. It is typical of this untrustworthy government. What a shock that the Nationals feign interest in regional Australia while in opposite and then roll over, as the doormats that they are, to their Liberal masters in government.

In February the Treasurer indicated that a request from the national carrier for government support would be viewed favourably. This was then withdrawn by the government, and the legislation that we are now debating was put forward. It is another shambles by a government that is demonstrating, day in, day out, an incapacity to govern effectively, an incapacity to deal with the big issues for Australians, in a mature and competent manner. It is a government that is a shambles, and people are getting used to it.

The opposition has consistently said they will consider proposals from the government on their merit, including but not limited to a debt guarantee, at a reasonable cost to Qantas, or a small equity stake. We do not accept Prime Minister Abbott's argument that you must export jobs to save them. That is what he said. On 3 March Tony Abbott said:

If some jobs have to go offshore … it may be regrettable but nevertheless it is the best way to guarantee Australian jobs for the long term.

That right! You have to kill Australian jobs to save them. What absolute nonsense. What the Prime Minister fails to understand, and this government collectively fails to understand, is that aviation is not a level playing field. There are not too many governments around the world saying that they should kill highly skilled aviation jobs to save other jobs. They are not doing that. It seems to be a development only being pursued by the conservatives in this country—to kill manufacturing jobs, to kill highly skilled maintenance jobs, to kill jobs that give ordinary Australians an opportunity to feed their family, pay the rent and send their kids to school. They just treat jobs in a flippant manner. It is all done on the basis of some ideological argument, some theoretical argument that does not make any sense. That is the problem with this mob over here. They just do not understand, outside this ideological, theoretical base that they have, what is important for Australia, what is important for Australian families and what is important for our jobs.

As I indicated, it is not a level playing field. Labor recognises that there is not a level playing field out there. Last November, Virgin needed an injection of capital and received that injection from its partner airlines—Etihad, Air New Zealand and Singapore Airlines—all supported by their respective governments. But this mob, because they have an ideology that says, 'The market will fix everything; just leave it to the market', are saying there will be no government support, no government intervention. They do not even look at what is happening with the most successful airlines in the world. They believe that the market will resolve everything. That just denies the reality that around the world the top airlines are majority-owned by their governments. Emirates, Qatar Airways, Singapore Airlines and the three big Chinese airlines are all supported by their governments. These facts are ignored by this ideologically driven, incompetent Abbott government.

The Qantas Sale Act preserves Qantas's status as an Australian based carrier. This is important because nation-states use their national carriers to arrange air service agreements with other nation-states under the Chicago convention. The act requires Qantas to be based in Australia, to have an Australian board and to locate the majority of its international operations in Australia. This keeps Qantas Australian and the majority of its employees Australian based.
One of the knock-on effects of the act is that Qantas operates more extensively on regional routes. Changes to the Qantas Sale Act could put so much of this at risk. As the Senate inquiry into this bill established, amendments could prompt the airline to move its maintenance or other facilities offshore, risking tens of thousands of jobs.

I know, Acting Deputy President Sterle, that you were deeply involved in the inquiry. It said that changes to the act would mean that current levels of air service to regional Australia could be reduced, the Qantas name would not have to be used for international services, the head office would not have to be in Australia and the board would no longer have to be at least two-thirds composed of Australians. Labor will not allow these provisions to be taken out of the legislation as this incompetent government proposes. Labor will move an amendment to remove the 35 per cent and 25 per cent sublimits on foreign ownership, but we will retain the requirement for at least 51 per cent of ownership of Qantas by Australians and the other elements of part 3 that give Qantas its Australian character.

Labor's position on removing the 35 per cent and 25 per cent restrictions reflect a recommendation supported by the Labor government arising from the 2009 aviation white paper. This followed thorough consultation with the transport and tourism industry. The recommendation was that Qantas should stay in majority Australian hands but that we should consider repealing the sections of the act relating to the 35 per cent rule and the 25 per cent rule—the shareholding limits on a single owner who is not Australian and on ownership of Qantas by other airlines.

That is what we are proposing today. Unlike the coalition, Labor has been fully consistent on this matter. Labor unequivocally stands for Australian jobs. Qantas has the safest record of airlines around the world and it is known for it. The debate is not about sentiment; it is about economic interest. If you allow Australia to be ripped out of Qantas, you are ripping up an icon. Shipping Qantas overseas is not in our national interest. I urge the Senate to support our amendments and vote down the government's changes—changes that will send Australian jobs overseas and destroy the Flying Kangaroo.

I come to this debate with some involvement with Qantas over many years. I was very pleased to represent maintenance employees at Qantas in bargaining with that airline over a number of years to ensure that there was reasonable wages, reasonable conditions for the highly skilled workers at Qantas. But I can tell you that in every bargaining round that I was involved in, whether it was under James Strong or Geoff Dixon—luckily I did not have the pleasure to do it under Alan Joyce, but I did under James Strong and Geoff Dixon—the threat was always there: that if Qantas had the ability to send their maintenance overseas, they would send their maintenance overseas.

The cost of maintenance in some of these giant regional maintenance hubs was argued as being substantially less than the cost was in Australia. But there was always a realisation by the Qantas management that the reputation of Qantas was too important to send the maintenance overseas—not just some of the senior management, but the technical managers within Qantas that I spoke to over the years were always concerned about increasing the length of the decision making in maintenance from Australia out into Asia. You had better control, better quality control, better support for your maintenance facilities if you are making the decisions within Australia.
Even though there was always that implied threat that if we could do this we would, and some maintenance was sent overseas, the Qantas Act maintained the core of Australian maintenance jobs within Australia. Those jobs are very high skilled jobs in maintenance. As we have seen this mob over here vandalise the manufacturing sector by basically daring GM to get out of Australia, daring Toyota to get out of Australia, we see more and more high-skilled jobs within Australia being exported overseas. That is what would happen if this bill ever became a reality.

There is a wide range of work done within the maintenance area. I am sure that we will hear from other senators about the skills in other areas, but I am familiar with the maintenance area. We do routine maintenance checks when the planes come in, we do minor and major airframe repairs, we do structural inspections, we do corrosive prevention and control programs, we do ageing aircraft inspections, we do aircraft modification and refurbishment. We do the whole box and dice. We do non-destructive testing, sheet metal work, composite and carbon fibre, fitting and machining, hoses and tubes, cabin maintenance, chair maintenance, paint and surface restoration—and it goes on. The skills within Australia are enormous in this area.

What would happen if this incompetent government had their way? Qantas would be opened up to be sold and there would be no checks and balances about maintaining those skills within Australia. I am now convinced that this rabble that call themselves a government have no idea what it is to look after skilled jobs in this country. They get their theoretical economic books out. They look at the economic theory and say, 'This is how the theory works,' and they do not give a damn about ordinary Australians. They do not give a damn about how Australians live. They do not give a damn about how they survive. You only have to look at their budget, where they hammer the aged, where they hammer seniors and where they come after those who cannot look after themselves. It is the poor who take the belting. We do not support this bill because ordinary Australian will suffer the consequences. We will oppose it all the way. I hope those on the crossbenches and the other parties support Labor maintaining Qantas in Australian hands.

Senator RHIANNON (New South Wales) (09:31): The Greens are firmly committed to keeping Qantas Australian owned. We argue the case because we need a national carrier. It is vital that so many of these jobs remain in Australia. With that comes a very high skill base that we must not lose. Then there are the economic and security benefits. The bill before us does not achieve that. In fact, the bill would undermine it and Qantas could in no way be called Australian if this bill were allowed to pass in its current form.

We have major problems with this bill. If passed, it would result in undermining safety standards, there would be massive job losses and a foreign takeover would be on the cards. The coalition's plan, long touted in boardrooms and also the cabinet room, to offshore Qantas, along with the jobs of thousands of Qantas workers, should end and it should end today.

However, what I understand Labor are bringing forward is concerning. I heard a very strong speech from Senator Cameron. I certainly acknowledge the work that he has done with Qantas workers over the years, in terms of protecting jobs and ensuring better conditions, but, when you look at the deal that Labor have done with the coalition on the issue of foreign ownership, it would take Qantas one step closer to greater foreign ownership, opening it up to one individual, one foreign airline or one foreign government owned airline to have much
greater control over Qantas. Under Labor's amendments, there would still be 55 per cent Australian ownership. That is a very dangerous weakening and it is disappointing that the deal has been done with the coalition. I very much hope that Labor senators will listen closely to the debate, because it could be otherwise. If Labor work with Greens, Senator Xenophon and the other crossbenchers, we could ensure greater protection for Qantas and could get it back onto more solid footing.

I also want to pay credit to the Qantas workforce and their unions for organising, lobbying and protesting, not just for their jobs but for the retention of Qantas as the national carrier. They are on the front line. They can see the value of this airline across the board—how integral it has been to Australian society for so long, and that should be retained. I have had the opportunity to meet with Qantas workers on a number of occasions—workers from call centres, maintenance workers and workers in other parts of the aircraft industry, as well as pilots, and they have certainly set out a very clear case about how damaging the government's plans would be if they were allowed to open this airline up to foreign ownership.

When you get into this issue, one of the favourite terms that you will hear from the government, the coalition, senior management and particularly the CEO, Alan Joyce, is 'a level playing field'—that is their starting point—but what we have here does not create a level playing field. Qantas would be left competing against overseas airlines that are backed to the hilt by their own governments. This is the extraordinary contradiction here. This government wants to open it up so that foreign airlines that are owned by foreign governments can buy a part of our airline. That shoots down this whole idea of a level playing field.

Qantas's view of a level playing field means the right to be fully owned by a foreign government owned airline. That is how it would play out. The single most effective measure for levelling the playing field upwards would be for the government to assist Qantas. This is something we have raised throughout this year as this debate has intensified. Having more government assistance for Qantas would ensure there was a much fairer way for Qantas to be managed. The Australian government backing Qantas would, in our view, stop the inevitable break-up of the airline as well as underpin its viability, protect jobs and support tourism. In the 21st century, a national airline needs to have a much closer relationship with its government.

I will come to some very interesting experiences, particularly with regard to New Zealand and how they have handled this. I mentioned the CEO, Alan Joyce, earlier. When you come to debate these issues, you cannot leave him out of any discussion. The Qantas CEO played a dominant role in the highly orchestrated debate about the future of our national airline that played out in the media and parliamentary inquiries earlier this year. Let's remember how Mr Joyce went from mourning the possible demise of Qantas and the huge number of jobs that would have to go to describing the airline as 'extremely healthy'. Those were his words. He really has done a disservice—we should be working together to ensure the viability of Qantas as the national carrier.

Now I come to part 3 of the Qantas Sale Act. If it was repealed, the most likely outcome would be the wholesale takeover of Qantas by one or more foreign government owned airlines. That would then bring a stream of job losses. When Mr Joyce has been questioned about this, he has refused to rule out further offshoring and casualisation of the workforce if part 3A goes ahead. This is very important: he has always refused to answer this when we
have questioned him. He is very good with language but not very good at being exact, up-front and answering questions properly. Certainly he has added to the Greens concerns.

We had two inquiries into Qantas. One of the committees was presented with concerning evidence relating to poor financial and strategic decisions made by Qantas management, particularly in relation to Jetstar Asia. Qantas workers should not have to pay the price for poor management decisions, but that is effectively what is playing out here. There have been poor management decisions and the government is now coming forward for its own ideological reasons but also because it is judging that this is how it has to respond to determine the future of Qantas. But it will be the workers of Qantas who will be hit if this bill goes forward in its current form.

There is scope for Qantas to be viable and kept Australian without the airline being broken up and offshored. I want to share some of the comments that came to us from Professor Frank Stilwell and also the Transport Workers Union. In this debate we need to remember that we could have done this in a different way, and the amendments we will be considering later will go some way towards correcting the problems that we now have before us. Professor Frank Stilwell has said that:

The current QANTAS crisis is clearly attributable to the senior management and board who have caused the present crisis by a range of inappropriate policies. These policy failures have included narrowing the customer base by abandoning key overseas destinations … unwisely establishing loss-making Asian Jetstar airlines; reducing confidence in service standards by outsourcing much of the aircraft maintenance …

They are some of the issues that Professor Stilwell has identified. The submission from the Transport Workers Union points out that, of the 10 tough conditions for Qantas, it is interesting to note that all of its competitors share seven. Sustained high fuel prices and ability to implement a good fuel hedging strategy applies to all airlines, not just Qantas. Economic volatility applies to all airlines, not just Qantas. Capacity growth outstripping demand applies to all airlines, not just Qantas. Slow demand growth associated with the resources slowdown applies to all airlines, not just Qantas. That, I think, is very informative in terms of highlighting how deceptive and misleading so much of the statements that have come from senior Qantas management have been and why we should not be relying on them when we are looking at how we go forward with this bill that is now before us.

We also need to consider the position of the Labor response here. It is not surprising that the government would bring forward a bill that really is about selling off Qantas. That should be the endgame. But many people, particularly workers from the industry, whom I have met on a number of occasions, expect something different. I believe most people would expect something different. If you listen to the words that have come from the former minister responsible for Qantas and the current opposition spokesperson, Mr Albanese and Senator Cameron, you would think it is otherwise, but we need to look at the detail of what is in their proposal. Their proposal before us today in amendment would undermine Qantas as a publicly owned national carrier. It would really open Qantas up to greater foreign ownership, taking it one step further down the road of total foreign ownership.

It is timely to remember that it is Labor that has driven the very undermining of Qantas. From 1947 to 1993 Qantas was fully government owned, and that time is when Qantas developed that fantastic international record of top safety standards. With a fully unionised
workforce, the workers had secure, reasonably paid jobs. But then you hit the 1990s, and things start to change. This was under former Prime Minister Bob Hawke. He announced his intention to sell off 49 per cent of the airline. This is what you have seen since the 1990s: Labor driving down Qantas operations in this country. It was in 1993 that the Labor government put $1.35 billion into Qantas just one month before it sold 25 per cent of the airline to British Airways for $665 million. Qantas at the time held 40 per cent market share of international travel to and from Australia. The remaining 75 per cent of the airline was sold in a public float in 1995. Remember: this is all when Labor was in power. The total sale price for the airline was just $2.1 billion.

That really did cause a lot of disquiet at the time. This was in the period of the 1990s when Labor was starting to move forward on quite an extensive privatisation agenda. There was some interesting analysis. I want to share some comments from economics professor John Quiggin writing in *The Canberra Times* on 10 July 1995. He said:

If the government believes its own prospectus, it should certainly not be selling. According to Quiggin, the share offer was so underpriced it amounted to a giveaway of public assets. Three years after privatisation Qantas shares were worth 49 per cent more than the government sold them for, giving shareholders an increase of 160 per cent return on their investment. And what happened after privatisation? Qantas management went after its workforce, outsourcing and competitively tendering every aspect of the business. And what was the result then? Working conditions were undermined.

So, again, I do pay credit. I know that, when Senator Cameron was out there as a union official, he was working for this not to happen. But it was the Labor government that opened up Qantas to foreign ownership and has taken step after step to increase that foreign ownership. If they do this deal with the coalition today, it is one further step down that track.

The privatisation of government airlines has gone hand in hand with the deregulation of the industry. This was justified by the argument that free competition would lower prices and give customers more choice. Now, to some extent we see that is true, but we always need to get the balance right and that is what the Greens are saying. We are not against competition. We want customers to have a good choice, but we also need to ensure that safety standards are maintained, that working conditions are maintained and that this industry does not come to live off a casualised workforce.

The outcome of Labor's amendments, to get into the detail, is that they would allow overseas government-owned airlines—such as Emirates, Singapore Airlines and China Southern Airlines—to own up to 40 per cent of Qantas. Our Senate inquiry heard evidence of the domination of government-owned and government-backed airlines in the aviation market. Seven out of 10 of the largest carriers by market share in our region are partially or wholly government owned. I made this point earlier and I will make it again, because I think it is one of the huge ironies of this: at a time when the Australian government is really trying to back out fast from any association with Qantas, what they are opening up is for government-owned foreign airlines to take Qantas over.

Yes, the Greens do want a level playing field. I spoke about the huge contradictions in the so-called level playing field that the government and the senior Qantas management talk about. We want the real level playing field and we can do that by ensuring that government assistance is available to Qantas as well, potentially in the form of an ownership stake or a

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debt guarantee. These are the things that we should have explored. We just put them on the table and said that these should be there for consideration. Such options would allow the government to financially assist Qantas in the short term, as well as impose some conditions on the airline to ensure it is acting in the best interests of its workers and the Australian public.

The repeal of the Qantas Sale Act would lead to the inevitable break-up of the airline and will also lead to large-scale job losses in Australia. That really is inevitable. It will also lead to the diminution of Australia's aviation industry, which is an industry that we should be looking to build up. We have built up expertise over the years and that should be consolidated. But if this bill goes through, in its current form or with Labor's amendments, that will be at risk.

The Greens have particular concerns that Qantas is likely to be snapped up by another airline, as I have said. But it could be otherwise, and I did just want to share what happened in New Zealand. The government could act as the New Zealand government did. The New Zealand government backed its national airline by taking a large stake in it. It is worth looking at some of the dollar figures here: interestingly, earlier this year Air New Zealand posted a record first-half net profit of NZ$140 million, which was up 40 per cent on the same period a year earlier.

This could be a win-win outcome. If the government took a more active role in Qantas, we believe that it would be the single most effective way of levelling the playing field upwards. That is what we should be working on, by making Qantas more equal with its predominantly government-backed competitors. That would put our national carrier on the runway to a bright, viable and prosperous future. We should be considering ways to ensure that Qantas remains a strong national carrier that is supporting aviation jobs in Australia. That is what we should be considering before us today.

Senator EDWARDS (South Australia) (09:49): I join with all my Senate colleagues here this morning to express my deep dismay and sadness at the loss of flight MH17 and the tragic loss of life that has occurred. The ramifications of that will reverberate around the world today.

The changes the government seeks to make to the Qantas Sale Act are for one purpose and one purpose only: to allow Qantas to compete with other international carriers on a level playing field in the same legislative environment. My personal view is that these amendments are still too little. Currently Qantas must be substantially owned and controlled by Australians, must be chaired by an Australian, have two-thirds of its board comprised of Australians, must have its head office in Australia and must have its operational base in Australia. These are unprecedented conditions for any airline to operate in a global aviation industry in this modern world. Qantas's competitors face no such burdens. All we on this side of the chamber seek is the same for Qantas.

But, today, Labor stands opposed to the change—no doubt a reflection on the stranglehold of Labor's union partners who, it must be said, are setting the agenda on this matter. Indeed, the unions are a significant part of Qantas's problem. They are showing themselves as relics of a workplace that was reformed a generation ago. As the union movement struggles for relevance, it has deliberately targeted an iconic airline to publicly champion its bullyboy tactics.
We should be under no illusion of the inevitable outcome should we deny Qantas its level playing field. In recent years, Qantas has conducted redundancy program after redundancy program. The unions should be open in their minds to the modern aviation industry, should move with the times to ensure that Qantas remains fleet footed like its competitors and should protect their members' future job prospects by ensuring Qantas remains competitive and, importantly, profitable.

Others in this place indulge arguments such as Qantas’s status as a flag-carrier airline, but Australian governments no longer rely on Qantas as a strategic asset in the manner they once did. The traditional notion of a flag-carrying airline today is obsolete. While not constrained by such legislative commercial restrictions, Virgin still has 95 per cent of its workforce Australian based. The reality is that running an airline in Australia today will always require a large proportion of Australian based workers. If this action were not taken, the alternative may well be no Qantas and no workers at all.

For my mind, this bill does not go far enough, but real reform was not in Labor's mind. I have no clue why Labor believes government has a right to interfere with legislative restriction on an airline the government sold 22 years ago. I commend the bill to the chamber.

Senator LUDWIG (Queensland) (09:52): I rise to speak against the Qantas Sale Amendment Bill 2014. Just a kilometre from my office in Brisbane, on 16 November 1920, Qantas was established at the Gresham Hotel. I could head to Longreach, the city where I was born, where Qantas struggled against the elements to build the airline it is today. It now struggles against a different set of challenges—one of them is the Abbott government. This government is single-handedly dismantling the icon of Australia. Holden has been sold down the river by this government. SPC Ardmona was left for dead by this government. Qantas cannot be confined to history yet though. The government could be doing so much more than it is doing. Only Labor has been standing up for Australian jobs, industry and the community. It seems like the conservative side of politics is deemed to repeat the same mistakes over and over again.

This government could learn a lot from history and the experience of countries overseas. There are a number of countries that have experienced a resource boom like Australia. The Dutch discovered a large supply of gas in 1959—a windfall that had unexpected negative long-term consequences. Initially, there was increased investment, infrastructure and income; however, the longer term consequences were less benign. The discovery of natural resources led to problems for the Dutch. Their currency appreciated and resulted in a decrease in their price competitiveness for foreign export exposed industries. It also resulted in an increase in imports of goods and services. This was famously called the ‘Dutch disease’.

In the long run, these factors can contribute to industries and jobs being moved to lower cost countries—but they are not inevitable. The parallels with the situation in Australia are obvious. Under the stewardship of the former Treasurer, Mr Wayne Swan, Australia became a haven for investors wishing to find a safe place in the global financial storm. As the former Treasurer said:

… when you look at the strength of the Australian dollar, it reflects the strength of our domestic growth relative to other developed economies, it reflects the fact that our terms of trade are still very high and it reflects that fact that many people and investors around the world now see Australia as a safe haven.
The former Treasurer, Mr Swan, had foresight enough to acknowledge that the high Australian dollar had a negative impact on some industries. The term he used was the ‘patchwork economy’.

The minerals resource rent tax was part of Labor’s plan to make sure that the benefits of the mining boom could be spread to all Australians, including industries such as tourism that were impacted on by the high Australian dollar. Mining remains an important part of the Australian economy, but this is no reason to let other industries wither on the vine from neglect. Let me be clear about this: we need a plan for those industries impacted on by the high Australian dollar. As the Australian Financial Review has reported, there are many factors affecting the performance of Qantas as an international airline but foremost among these is the high Australian dollar. Qantas is facing tough conditions. A high Australian dollar is increasing costs. As the Qantas chief executive Alan Joyce said: ‘The dollar puts pressure on all of us to be competitive in a global context.’ These are undeniable facts, but the future is not decided.

The government needs a plan for jobs, a plan for Australia’s future and a plan for the longer term. Why is there a need? Why not let Qantas go or let these industries fail? What is wrong with the short-sighted view of the government? The answer is that the high Australian dollar is unlikely to be with us forever. The answer is that once Qantas is gone it will be gone forever. It will be the same for manufacturing. Israel is going through a similar process at the moment. A huge discovery of natural gas off the coast of Israel has pushed up the new shekel. The government there has responded by direct intervention in the currency market to make sure that Israel’s industries are protected from the worst of the currency effects.

I am not advocating for this sort of intervention in the market for Australia, but it stands in stark contrast to this government, which is sticking its head in the sand and continuing to remain there, pretending that nothing is actually occurring. The government still wants to follow these UK down the austerity path, but if it does that it will be doomed to repeat history’s failures.

Margaret Thatcher is someone this government would love to follow, I suspect. As we heard from new Senator McGrath this week, the lessons from the UK’s experience following the discovery of the North Sea oil are salient. What was initially considered a blessing became the death knell for many British industries. The lesson from history is that the re-creation of industries from scratch is almost impossible. The skilled workers of Qantas, once lost, will be gone forever. Their skills will be gone. Over time, the knowledge will disappear. The machinery, factories and infrastructure will be dismantled and sold overseas or left to rust. The future of the Australian dollar is uncertain, but most economists do not expect the Australian dollar to remain at its current high level over the longer term. We need a plan now that does not result in irreversible loss of skills, knowledge and infrastructure from Australia.

Mr Tony Abbott seems to be determined to lead a party which will destroy an airline business each time it can. It was Ansett in 2001 and Australian Airlines in 2006. Now the Liberals are back in and it is Qantas that is staring down the barrel. They have destroyed an airline each time they have got into government, and it must be something they should be patting themselves on the back for—like their group hug when climate action was reversed. Ignoring the facts will not save the jobs. This government looks backward and fights old wars, and seems stuck in the past when you look at its current way of dealing with troubles.
Generals always prepare to fight the last war and old enemies, but this government is worse—it is always Work Choices for the coalition and their continuing battle against working Australians. This battle will not help Qantas and Australian industries fight against global macro-economic forces, but the government continues to want to pluck that same string again and again—let's blame unions, let's blame workers, let's blame everybody else, but let's do nothing to address the issues that are confronting them.

The cuts already announced touch workers in airport staff, cabin crew, engineering and other areas. These 5,000 job cuts are just starting. This is 5,000 full-time equivalent positions, which will mean more than 5,000 job losses—more than 5,000 families who will struggle to pay their mortgage. And who thinks that this will be the end? If the Abbott government sends Qantas overseas, the jobs of those workers who give it one of the best safety records in the world will follow. And what of the 300 line maintenance positions that have been cut in Sydney, Melbourne, Brisbane and Adelaide? The actions of the Abbott government have already led to safety concerns and increased auditing by CASA. Crikey.com.au—not something I generally report through—reported that CASA is undertaking increased auditing and surveillance of Qantas, including on-the-spot checks during this period of change. If CASA is worried about these changes, how much worse will it be for the impact of Qantas maintenance staff being offshored? The short-sightedness of the government regarding Qantas parallels the short-sightedness of the repeal of the company loss carry-back provisions in the minerals resource rent tax—the company loss carry-back is favoured by both business and unions, yet is being removed.

With SPC-Ardmona we saw an attack on workers' pay and conditions. You do wonder whether or not in reality this is the old conservative force on their crusade, on their charger again, blaming workers and blaming unions. One can only speculate as to the motives, but it seems that the current government is willing in this instance to cut off its nose to spite its face. The question is: what is the principle that it stands for? What does the coalition stand for in this debate? I can only guess that it is willing to let companies, big or small, go to the wall so that it can attack the rights of workers. This time it demands action by a proactive government to look at their armoury in the Treasury portfolio, in the Finance portfolio and in the Industry portfolio to see what they can do. We need a plan for infrastructure, a plan for jobs and a plan for the future.

Another feature of this bill is that it seeks to change the English language, and you do think it is a little Orwellian when you then start to see how the coalition wants to do that. The bill seeks to change the definition of an Australian international airline. Perhaps they will also change the words 'made in Australia' and save Australian-made cars too. I think not. Perhaps they will change the definition of Australian fruit. Perhaps we can change the definition of old-growth forests to the wooden bookcase in Senator Brandis's office. All of that is very Orwellian from this coalition government.

But there are some realities which are a little harder to explain away. The workers, the passengers and the Australian people will not be fooled by the coalition's double-speak on this issue. You cannot change the fact the 5,000 jobs are going. They will not be fooled by changing the definition of an Australian airline and they will not be fooled when the pay cheques stop coming in. What workers do get is the bottom line—they do get the end of the road when they get heaved out onto the scrap heap and what that actually means. Big
government, like this coalition government, does not care a jot. The passengers who choose Qantas because it is Australian will not be fooled about it. They will want, and will continue to want, an Australian airline representing their interests and their safety record for a long time to come.

Examining this bill and its explanatory memorandum, I noticed the financial impact statement. The statement describes the impact of the bill on the budget. It states—again, I think this is a little Orwellian from this coalition government—'The bill will have no financial impact.' I think that one sentence sums up what is wrong with this government. They have a view where they cannot see beyond the next budget. They have a narrow view of what is in the national interest. This is a government that is run by myopic accountants and a few twisted individuals with twisted priorities. They have a narrow view of the national interest. They do not see the value in the history of Qantas. They do not see the value in a national carrier. They do not see the value in maintaining 5,000 jobs in Australia. What is worse—and what I think is really the worst case—is that they have no plan for the future and they have no plan for jobs.

Senator WHISH-WILSON (Tasmania) (10:06): Senator Edwards made a statement that the changes that we are dealt with in this bill are for one purpose and one purpose only, and that is to allow Qantas to survive. In my opinion, having sat on the inquiry by the Rural and Regional Affairs and Transport References Committee and having taken an active interest in this along with my colleague Senator Rhiannon, the one purpose and one purpose only of these changes to the Qantas Sale Act is to get the share price of Qantas up.

Nearly four years ago, Qantas's share price was around $3 a share. That was at a time when they had very similar operating conditions to what they do now in terms of fuel prices, a high Australian dollar and capacity issues around the global financial crisis. Yet the company seemed to be travelling quite well and the share market had given their tick of approval. So what has happened in the last three or four years that has led Qantas's share price into a death spiral? I say 'death spiral' because it is very important in relation to this debate as the company's share price continues to collapse. When Qantas went cap in hand to the government to have discussions with them about changes to the Qantas act, especially to section(7) of part 3 of the act, their share price had fallen below $1.

As a company's share price goes lower, their cost of capital changes, it becomes higher, especially their cost of equity. So as the share price collapses the cost of equity ratchets up, which means that it is more expensive or difficult for a company to issue shares and raise capital. If you add that to the cost of debt, you get a weighted average cost of capital. Clearly it is a serious issue for companies because when they get to a point where their cost of equity is prohibitive then quite often we see them go into bankruptcy and we see them collapse.

The issue here is: why is Qantas's share price in collapse? I looked at it this morning before I came in to speak here. It jumped 20 to 30 per cent and then it started to fall again. It is around $1.24 now. But at the time that Qantas came to the government and when we had our Senate inquiries the share price was around $1. It was firmly in this death spiral.

By opening up the shareholder caps and removing the 49 per cent restrictions, this did not necessarily allow foreign carriers to buy into Qantas—because I actually do not believe any are particularly interested in buying into Qantas. Mr Joyce himself made that clear in the Senate inquiry. I will get to the possibility of a merger with British Airways in a second,
because the tips he gave the inquiry seemed to indicate that that was where he thought Qantas might be heading in the future. It is very clear that there are not necessarily any international carriers interested at the moment, but the 49 per cent cap, if it were removed, would particularly allow large foreign pension funds, hedge funds, mutual funds and investment funds to buy into Qantas and push the share price up. As the share price goes up, that takes the pressure off the CEO and certainly enhances his own personal options that he has been issued in Qantas, and of course, it changes Qantas's cost of capital and takes a lot of pressure off the operations of the company.

Looking at Labor's proposed amendments to this bill, which the government apparently has agreed to, the total foreign ownership of Qantas is not to exceed 49 per cent—so there is no change there. It is interesting that a single foreign investor can now buy up to 49 per cent and aggregate foreign ownership by foreign airlines is not to exceed 49 per cent, which makes sense. I actually do not quite know how that would work in share market terms. I am not sure how you could stop the overall ownership exceeding 49 per cent and yet have at the same time another foreign carrier coming in and buying shares on the market. You would have to make a very interesting takeover offer or you would have to sit in the market or make an off-market offer. I am not quite sure how that would work without exceeding that overall 49 per cent cap.

Nevertheless, like Senator Rhiannon said, the Greens are relieved that common sense has prevailed here and Qantas will remain an Australian carrier. The 5,000 jobs and the expertise will remain here. Of course, the issue of safety with maintenance, which was raised during the Senate inquiry, is a very serious one, with issues we have already seen in offshore centres.

Thinking back to the Senate inquiry, it was, I suppose, a time when I lost my innocence around the committee system. I have been on some fantastic inquiries and Senator Sterle has done a fine job on some inquiries I have been on. But on that day in Sydney there was a cast of thousands and it really did seem like a mud-throwing exercise. We did not get to the heart of the issues as I expected we would; we did not have enough time. But when I got my opportunity I asked Mr Joyce straight off the bat: 'Do you still want an interest-free loan—are you still seeking a debt guarantee from the government?' His response was: 'It's not on the table anymore. The government has made it clear it's not an option, so I'm not going to discuss it.' I said: 'Mr Joyce, with all due respect, we're the Senate—we're not the government, necessarily—and we're here to see what we can do to help you.' If you think about that share price collapse from $3 to $1 and the issues we were discussing in the inquiry around this dogfight that Qantas is having with Virgin on capacity and trying to compete on volume, this was a clear strategy that the company had taken, which was putting it under significant pressure because Virgin does have government owned backers and it does have access to capital that Qantas does not have. It did make sense that Qantas would go to the government wanting some sort of financing assistance, possibly a debt-free loan.

So I, Senator Rhiannon and the Greens felt that the inquiry should have explored all financing options, including the government taking a stake in Qantas. As Senator Rhiannon eloquently told the chamber this morning, this would put them on a level playing field. If you want to talk about level playing fields, the reality is that seven out of 10 foreign airlines in the region are government owned, wholly or partially.
There is a reason governments invest in airlines, and it is a fundamental one. Governments have a role to play in providing essential services and infrastructure, and they have a role to play when there is market failure. I think you could probably sit down and apply both of those principles to government ownership in Qantas. It is something that makes a lot of sense once you get around the rhetoric and the ideology that governments should not be in airlines or other businesses. It is claptrap. There is a role for government to play in essential services such as transport to and from a large continent like Australia. This is why the New Zealand government and other governments around the world still have a stake in their airlines, let alone the fact that airlines and the expertise and skills around having that industry base in your country have all sorts of other national implications which were explored by the inquiry.

However, I was disappointed that we did not get to look in enough detail at what exactly was at the heart of the problems with Qantas and why their share price is collapsing. Qantas's announcement of their next operating profit is going to be out shortly. To me, it was as clear as daylight that their operating issues are to do with their management strategy of taking on Virgin and market share in Australia and on international routes where they are competing against airlines that have government ownership. It is disappointing that we are dealing with an ideology that governments should somehow be stepping back, in certain situations, from having ownership and influence on businesses that are critical for our country's national security in so many different ways.

The Greens will be voting against this bill. Senator Rhiannon has made it very clear that we are very keen to see Australian jobs stay in Australia and we are very keen to see a national airline. I just hope that in the next few months Qantas can change their strategy and operate more profitably so that they can get back to where they were, get their share price up and get the company back on a healthy footing, because that is where they were three years ago and that is where they were when I was a stockbroker in the finance industry. I did not see Qantas management coming to government, cap in hand, asking for help, asking for shareholder caps to be lifted and asking for assistance, because the company—Australian owned with Australian jobs—operated well.

At the end of the day, this was a cynical exercise by Qantas management to government to get the share price up, to take the pressure off Alan Joyce and to create shareholder wealth. I do not think that is a role that the government should be playing directly. We should be looking at the long-term sustainability and health of our national airline and its workers in this country.

Senator STERLE (Western Australia) (10:17): This topic about Qantas certainly is emotive, but I think what we can take from this, for anyone listening out there, is that you would not find a senator in this chamber who is opposed to seeing a healthy and vibrant Qantas. But before I go to the Qantas Sale Amendment Bill 2014, I want to make a few personal comments. Out of the 76 senators in this building today, there are two who can lay claim to being very close to Qantas through our previous lives as organisers. I never ascended to the great office of National President and Branch Secretary as you did, Mr Acting Deputy President. You, more so than me, speak with authority because you were an aviation worker.

Senator Bilyk interjecting—

Senator STERLE: I am getting yelled at by Senator Bilyk. I am talking about senators who have had active involvement with Qantas and Qantas employees and about very warm,
wonderful achievements that we, collectively through the TWU, achieved on behalf of our members at Qantas over the years. I think Senator Gallacher mentioned to me that it has been since 1952 or 1956. But I do have to take just a little bit of umbrage with Senator Rhiannon, because if you listened to Senator Rhiannon you would think that it was Senator Rhiannon who may have been standing on the freezing cold tarmacs at five o'clock in the morning, like you and I used to. You would think it might have been Senator Rhiannon who was that close to Qantas workers that she was called to the catering centre at midnight on a Sunday night, as I once was, because of an industrial accident.

I think they are very good of heart. But you and I, Mr Acting Deputy President, can speak with authority when it comes to representing transport—

Senator Rhiannon: Mr Acting Deputy President, I rise on a point of order that goes to clarity. I was happy to acknowledge Senator Cameron, and I am certainly happy to acknowledge Senator Sterle for his contribution with the workforce of Qantas.

The ACTING DEPUTY PRESIDENT: There is no point of order.

Senator STERLE: Let us go to the heart of the Qantas Sale Amendment Bill. On 27 February 2014, Qantas posted an underlying before tax loss of some $252 million and a statutory after tax loss of no less than $235 million for the six months ending on 31 December 2013. We should also note that Qantas CEO Alan Joyce announced the Qantas transformation program, which was designed to achieve $2 billion in cost reductions over three years—and I am trying not to vomit as I speak. This would mean the loss of 5,000 full-time positions over the next three years, with 1,500 from management and non-operational roles and the closure of the Avalon maintenance base.

This transformation also outlined that the wage freeze for executives—that would be bring a tear to your eye, wouldn't it?—implemented in 2013 would be extended to all Qantas Group employees. On top of this, Qantas confirmed that 50 aircraft would be deferred or sold, while Qantas Group's planned capital expenditure net operating lease liability would be reduced to $800 million in both the 2015 and 2016 financial years, with a total reduction of $1 billion. We know from what we read in the papers that, around this same time, they were trawling the hallways of parliament here. They were seeking financial help, seeking debt guarantees and I do not know what else. It was up to the papers to report on all of that. I do not know if you had any involvement, Mr Acting Deputy President Gallacher, but I certainly did not have any direct involvement with any Qantas people. They avoid me like the plague, for obvious reasons—and if they are not obvious, I will certainly let people know later in my contribution. We do know that they had got themselves into a tremendous—and I do not use that word in the positive sense—pickle.

I am going to say very clearly here what I believe the reason for that was. I understand the cost of fuel from my trucking background and so I understand international pressures, but I also understand, can acknowledge and can see that bad business decisions lead to some shocking outcomes. I stand here as an individual—who happens to be a Labor senator and who happened to be chair of the inquiry into Qantas—and say that terrible business decisions were made by the Qantas senior management. This is why they are faced with such a debacle of massive losses. What do they want to do? They want to slash jobs.
We had an inquiry. The reference for it went through this chamber. The Senate was keen to put it through in order to give us the ability to inquire further and see what else we could find out. It was named the ‘Qantas' future as a strong national carrier supporting jobs in Australia’, under the Rural and Regional Affairs and Transport References Committee. We received 12 submissions. We held a public inquiry in Sydney, and I do concur with Senator Whish-Wilson that it was rushed, unfortunately. I want to go through the terms of reference so that those listening out there can understand the Senate's commitment to dig deep and to see how we could help. The terms of reference state:

1. The Committee must consider what initiatives can be taken by Government to ensure Qantas remains a strong national carrier supporting aviation jobs in Australia, including:
   (a) a debt guarantee;
   (b) an equity stake; and
   (c) other forms of support consistent with wider policy settings.

2. That, in conducting the inquiry, the committee should consider:
   (a) any national security, skills, marketing, tourism, emergency assistance or other benefits provided by a majority Australian-owned Qantas;
   (b) the level and forms of government support received by other international airlines operating to and from Australia;
   (c) the ownership structures of other international airlines operating to and from Australia;
   (d) the potential impact on Australian jobs arising from the Government's plan to repeal Part 3 of the Qantas Sale Act 1992; and
   (e) any related matter.

I want to let the Senate know who actually attended the inquiry. It did go for all day, and we could have gone all week on it. We had Mr Ian Thomas, Managing Consultant, CAPA Consulting; Mr Shane O'Brien, Director of Aviation, Transport Workers Union; Mr Matthew Rocks, National Aviation Coordinator, Transport Workers Union; Mr Anthony Vincent Sheldon, National Secretary, Transport Workers Union; Ms Linda White, Assistant National Secretary, Australian Services Union; and Mr Stephen Purvinas, Federal Secretary of the Licensed Aircraft Engineers Association. Then we had the stars of the show at the end of the hearing, who we were very keen to talk to: Mr Gareth Evans, Chief Financial Officer, Qantas Airways; Mr Andrew Finch, General Counsel, Qantas Airways; Ms Jayne Hrdlicka, CEO of Jetstar; and, Mr Alan Joyce of Qantas Airways.

What came out of the inquiry and what I certainly took out of it as chair was that Qantas could not tell us exactly where these 5,000 jobs would be peeled from. When I asked Mr Joyce could he guarantee that there would be no more job losses, he said no, he could not guarantee it. You do not have to be Einstein to work out that Qantas has no idea where this is going to end. So what do they do? They rush off for the sales act—they want to pull the sales act.

The sad part about this is that I am proud to stand here and stand up for Australian jobs. I do not really care who throws what at me. This is what brought me into this place, standing up for Australian jobs and for Australian workers. I want a vibrant, profitable, national carrier. It gives me no greater thrill when I am overseas to see the white kangaroo on the red tail and it gives me no greater thrill to know that nearly 30,000 Australians—I think at the last count it
was down to 27,000—are employed by Qantas. I have no fear in saying that Qantas has been a very good corporate citizen. I also want to echo that I have had my challenges with Qantas, too, representing transport workers in Perth, not only catering workers but being part of enterprise bargaining negotiations and seeing good working conditions and wages flowing to Qantas workers.

When all is said and done, Mr Acting Deputy President Gallacher, you and I and Senator Sue Lines from Perth were joined at the inquiry by Senator Ian Macdonald, Senator Peter Whish-Wilson, Senator Sean Edwards, Senator Rhiannon, Senator Back and Senator Xenophon. It was opposition senators' very clear view that there are a number of things the government should do to protect Qantas, to give Qantas every opportunity to be successful and to continue to employ nearly 30,000 Australians.

We put out two recommendations. We strongly recommended from the committee that paragraph 7(1)(aa) and 7(1)(b) of the Qantas Sale Act 1992 be repealed, leaving the remainder of part 3 of the Qantas Sale Act 1992 intact. It has been talked about so I am not going to go into it. The opposition senators also strongly recommended that the Commonwealth government should provide a debt guarantee to Qantas. We know that fell on the deaf ears of the government, who not only want to kill our manufacturing industry through Holden and Toyota challenging to leave the country and, as Senator Ludlam said, leaving SPC Ardmona to sit out there and hang.

In the short time I have left, I want to share a few things with senators and those who may be listening. I know there have been personal attacks on Qantas management but I think there are some very important figures which need to be on the record. Chairman of Qantas, Leigh Clifford AO, was appointed chairman in November 2007. At the time, the Qantas share price was $5.71 and the Qantas market capital was valued at $11 billion. Mr Clifford is still the chairman of Qantas and, as you have heard, its current share price is $1.24 with a current market capital of $2.69 billion. That is about $8½ billion less than what it was when he took the reins.

I also want to share this for those who are listening: I happened to be, through you, Mr Acting Deputy President, at the Qantas AGM in Sydney, in October 2011, in the third row with Tony Sheldon, National Secretary of the TWU. I sat there and looked at the board, while they were blowing wind about how great they were and how they had rerun for election, got elected and gave themselves a pay rise. Don't worry about that; they gave themselves a pay rise. I was in the third row thinking, 'Fair enough, I'm not against pay rises; good on you, tremendous.' But no less than 24 hours later, through the CEO, Mr Alan Joyce, he held a gun to the country's head and announced that he would be grounding the airline—that is, 24 hours after these people had granted themselves massive pay rises. Why? Because the TWU members employed around Australia had, I think, two four-hour stoppages and the pilots were wearing red ties.

It absolutely grieves me when you have a company, crawling around the hallways here in the ministerial wing, wanting taxpayers to bail out shocking business decisions, while rewarding themselves with pay rises. But, when it all turns to custard, aren't they wonderful because they will not take their pay rises?

I also want to share this. It is really important that people out there understand the sort of money we are talking about. I am going to go to Mr Leigh Clifford AO. While he is out there
sending Alan Joyce down here to try to get taxpayers dollars to resurrect a company that is suffering badly through bad business decisions, it should be noted that he is on no less than—all up—$635,000. That is not bad for a few meetings that you chair a year. There are other names here. I will not have time to go through them. There are non-executive directors on $249,000, $271,000, $310,000 and $309,000. And the list goes on. They have conned this mob over here. Because they have to have these high wages while the company is spiralling down, what do we do? We go out and blame the unions. Let’s go out and blame the mums and dads. I do not see them as union members; I see them as people. I see them as members of the community who proudly wear that Qantas shirt, that Qantas scarf or that Qantas dress.

I had years of organising at not only Qantas Flight Catering in Perth but Qantas Freight and Qantas ramp services—your old stomping ground, Mr Acting Deputy President Gallacher—baggage handlers, aircraft cleaners. Not only that, I used to represent the Qantas lounge workers in Perth. And that mob over there do not mind quaffing before they jump on an aeroplane, but they do not stand up for them when they are all outsourced. They do not give a damn, as long as they are all right.

I know time is really tight and I could go on for hour after hour on this matter. I am so proud to say that that side over there rolled over on part 3 and realised what we had been saying since 2009. Give Qantas the opportunity—that is fair enough—if you want to increase foreign ownership of an individual or a foreign airline. But, as sure as God made little green apples, this side of the parliament will never, ever sacrifice Australian jobs so that that mob over there can duck and hide. It is about time people out there understood. They do not give a fat rat's backside about Australian jobs. They will listen to the senior management and to the $635,000-a-year CEO—don't worry about that—while they grovel around finding every excuse to challenge Australian manufacturing and Australian companies, to send jobs overseas. On that, I will leave it at that. The opposition will not be supporting their bill.

Senator LAZARUS (Queensland—Leader of the Palmer United Party in the Senate) (10:34): I would like to inform the chamber that this is not my first speech. I rise today as Leader of the Palmer United Party in the Senate, and on behalf of my Palmer United colleagues, to strongly oppose the Qantas Sale Amendment Bill 2014.

Qantas is an Australian icon. It is as Australian as kangaroos, damper, gum trees, emus, koalas, meat pies and the Great Barrier Reef. Its name is created from an Australian state and territory. As many Australians would know, the name Qantas was originally formed as an acronym for Queensland and Northern Territory Aerial Services. Nicknamed 'the flying kangaroo', Qantas is Australia's largest airline and the second-oldest airline in the world. Founded in November 1920, Qantas began flying international services in May 1935. Since then, it has grown in size, reputation and national significance.

Qantas is symbolic of Australia, an important part of our history ingrained in our social fabric and considered one of Australia's most enduring and much-loved brands, but the Abbott government wants to destroy Qantas. The Abbott government thinks that it has the right to sell off our national icon. Well, Tony Abbott, the Palmer United Party says no, and the people of Australia say no. Qantas is not for sale. The Abbott government's Qantas Sale Amendment Bill is an attempt to allow Qantas to be sold off to overseas investors, because the Abbott government thinks that overseas investors might be able to run it more efficiently if jobs and maintenance and compliance activities are outsourced to cheap overseas labour.
Over recent years, we have watched the slow and painful demise of Qantas. We have expressed dismay and utter exasperation at the decline in value of the flying kangaroo at the hands of its senior management. In July 2008, the market capitalisation of Qantas was nearly $6 billion. Today, the market capitalisation of Qantas is around $2.8 billion. As far as the Palmer United Party is concerned, the maths on this is very easy: these figures show that there is a reduction of over $3 billion in the market capitalisation of Qantas. What is the board of Qantas doing? What type of questions is the board of Qantas asking of its CEO? In most business environments if a company loses 10 per cent of its value, heads will roll. In the case of Qantas some 50 per cent of its value has been lost from 2008 to 2014, yet the CEO has kept his job.

Over recent years, we have witnessed with horror the loss of thousands of Australian jobs at Qantas at the hands of its senior management team through perceived mismanagement and self-interest. Good companies prosper under strong intelligent leadership. They grow through sound strategy and decisive decision making. Good companies endure when the people in the organisation who are leading the business genuinely care, put the future of the business ahead of their own interests, value their staff and understand the needs of their market.

Qantas operates in a dynamic, complex and fast-changing industry. Certainly there are challenges; however, Qantas has prospered in the past as an Australian-owned national carrier, and there is no reason why it cannot prosper today as a predominantly-Australian-owned national carrier. It just needs strong leadership that genuinely cares about the interests of Qantas, its future and the people of Australia.

Why is their senior management team not being held accountable for the problems Qantas is experiencing? Why is the board of Qantas allowing the demise of Qantas? Why is the Abbott government supporting Qantas management in the destruction of our national carrier? What sort of image would we be portraying to the rest of the world if we allow the sale of our national carrier, our iconic brand, to international stakeholders beyond current legislated levels? The rest of the world would think we are crazy and that we cannot even maintain ownership of our own national carrier. Qantas does not just fly us around the country and, indeed, across the world; it also acts as a mascot for our country in the sky. It provides valuable services and support to our community and in times of crisis delivers support recovery operations.

Qantas is a national asset, an asset that forms part of our country's identity. While the Palmer United Party—along with many, many Australians—are concerned about the impact that the Qantas Sale Amendment Bill would have on Australian jobs and associated industries, airline safety and our national reputation generally, many people do not realise that our national carrier also provides critical support beyond its standard carrier services.

During periods of national emergency, it is critical that Australia has the ability to call upon a national carrier that is reliable, dependable and steadfastly aligned with our country's national interests. Australia relies on Qantas in times of need to support recovery operations following natural and other disasters. Qantas has a long and exemplary history of service during periods of national emergency. During the Second World War, when Singapore fell to the Japanese, Qantas crew members operated unarmed aircraft on dangerous missions as the Japanese forces advanced southwards through the islands. Qantas crew members later served in the battle zones of New Guinea. Combined Qantas and RAAF personnel flew Empire
flying boats and Lockheed Lodestars along the Kokoda Trail to drop much-needed supplies to Australian troops. In 1942, Qantas, the British air ministry and BOAC, formerly Imperial Airways, launched an operation to re-establish the Australia-England air link that had been cut off by advancing Japanese forces. By the time the operation ended in July 1945, 271 crossings of the Indian Ocean had been completed, covering more than 1.5 million kilometres and carrying 648 passengers.

During the Vietnam War, Qantas carried out between 203 and 250 charter flights between Australia and Vietnam. Approximately half of all Australian troops who served in Vietnam were transported by Qantas aircraft. The Australian National Airlines Act 1945 gave the Australian government the power to co-opt Australian airlines into the military effort and as a result the RAAF planning was based on the availability of Qantas aircraft.

As a direct result of this and the involvement of Qantas in national military planned activities, Qantas established a world record of carrying the most passengers when it evacuated 673 people on a 747 flight from Darwin after the city was devastated by Cyclone Tracy. A total of 4,925 people were flown out by Qantas during this time. During the days following the Tiananmen Square protests of June 1989, Qantas airlifted hundreds of Australians who were stranded in Beijing. After the Bali bombings in October 2012, Qantas evacuated wounded Australians to Darwin and to burns units around the country, transported more than 4,500 people from Bali to Australia and deployed its own and other medical personnel to Denpasar to provide medical support and other assistance.

Qantas transported firefighters during the bushfires in Sydney and Canberra over the 2003 summer. In 2006, Qantas supported the evacuation of Australians caught up in Lebanon's war zones. Qantas also provided assistance during the 2009 Victorian bushfire emergency, it evacuated Australians from Egypt during the political unrest in 2011 and it transported Australians stranded by the Fiji cyclone in April 2012. Qantas plays a crucial role in ensuring the safety, security and safe passage of Australians throughout Australia and across the world. Qantas is a national strategic asset with the capacity to provide aircraft, personnel and expertise to Australia in crisis.

It is not in the interest of Australia's national security for Qantas to be sold off to overseas buyers, it is not in the interest of Australia's economy for Qantas to be sold off to overseas buyers and it is not in Australia's national employment interests for Qantas to be sold off to overseas buyers. Qantas belongs to the people of Australia. Qantas is supposed to be the spirit of Australia and not the spirit of China, the spirit of Pakistan or the spirit of Qatar. It is our beloved flying kangaroo and not the flying frilly gecko. The Abbott government should be disgusted with itself that it is even considering further selling off our national treasure to overseas investors. The Palmer United Party and the people of Australia are distressed and concerned that the Abbott government is trying to sell off Qantas.

Qantas is a global brand. Anyone who wants to travel to Australia knows that they can fly to Australia on one of the safest airlines in the world. Millions of people across the globe see Qantas as Australian, because Qantas is currently predominantly Australian owned. Qantas employs thousands of Australians. Australian families across the country are part of the Qantas family. Generations of Australian families have worked with the airline over the years.

As Australia's national carrier, Qantas also supports, sponsors and carries iconic Australian institutions, activities, initiatives and teams, including the Wallabies, Australia's national
rugby union team, the Socceroos, Australia's national football team, the Australian cricket team, Formula 1 Australian Grand Prix, the Australian of the Year Awards, National Australia Day Council, the Royal Institute for Deaf and Blind Children, the Art Gallery of New South Wales, the Australian Girls Choir, the National Boys Choir of Australia, the National Gallery of Australia, Opera Australia, and the Australian Ballet Company, to mention just a few, and there are many more.

In addition, Qantas and the staff of Qantas donate to the community through grants, workplace giving and many other initiatives. Qantas plays such an important role in our community. If we sell off Qantas to overseas investors, all of these valuable contributions Qantas makes to our community may be jeopardised.

Qantas is part of our country. It is part of our personality as a nation, and it is a part of our country's strategic national interests. So, why does the Abbott government want to sell off Qantas? It is because the airline is struggling financially. It is concerning that Tony Abbott and Qantas management think that overseas investors will help solve the problem. Qantas management and the board cannot blame the economy. It is the view of many that the problems at Qantas have more to do with inept management rather than competition, cost structures and unionisation.

Qantas has money in the bank. It owns a highly valuable frequent flyer program and it boasts strong customer loyalty. Qantas needs good management. It needs leaders within the business who are committed to the airline—not to their own pockets—and to the genuine long term interests of the airline, its employees, its customers and Australia, and also the strategic interests of our great nation.

If Qantas is sold off to overseas investors, will Australian people lose their jobs? If Qantas is sold off, will the safety of the airline be comprised? If Qantas is sold off maintenance work will be shifted to other countries where labour is much cheaper, to countries where Australia has less control over the quality, frequency and reliability of the work undertaken. This may seriously affect the safety of the airline and the personal safety of passengers.

Today we are mourning the loss Malaysia Airlines flight MH17, taking with it the lives of many Australians. Our thoughts, prayers and deepest sympathies go out to those affected. We have also recently witnessed the disappearance of Malaysia Airlines flight MH370, which is still missing, and recovery operations are still underway.

We are at a crucial time in aviation history, where we must be placing greater focus and emphasis on the safety and security of flying. If Qantas is sold off, will Australia lose control of the safety and security of the airline? Will Australia maintain control over the flight paths of the aircraft? Will Australians still actually pilot Qantas aircraft, or will pilots from overseas countries pilot Qantas aircraft? Will Australians still work on Qantas aircraft as airline crew, or will airline crews from other countries work on Qantas aircraft? If Qantas is sold off, will Australia's national interests be compromised? The Palmer United Party and Australia are not prepared to find out.

Qantas should not be further sold off to overseas investors. In fact, the Palmer United party is of the view that the Australian government should have a greater and more involved role in the ownership, control and management of the airline, which is critical to our country's security, safety and national interests.
I am deeply concerned to hear that the Australian Labor Party may have struck a deal with the Abbott government to endorse the Qantas Sale Amendment Bill. If this is true, the Australian Labor Party is selling out the people of Australia. The Australian Labor Party is deceiving and undermining Australians, Australian jobs and the future of Australia.

The Palmer United Party does not under any circumstances support the further sell-off of Qantas to overseas investors. The Palmer United Party is standing up for the people of Australia, the employees of Qantas, the travelling public and the Australian industries and businesses which work with, provide services to and rely on the airline. The Palmer United Party strongly opposes the Qantas sale bill. Qantas must stay in the hands of Australia. If the Abbott government allows the sell-off of Qantas to overseas investors, Australia will never recover. If it is true that the Labor Party has done a deal with the Abbott government to sell off Qantas to overseas investors, Australia will never recover. The people of Australia will never forgive you, and history will be your judge and jury.


Leave granted.

Senator XENOPHON (South Australia) (10:50): The incorporated speech read as follows—

At the outset I wish to express my deepest sympathies and condolences for all the families and friends who lost their loved ones in the unfolding tragedy of MH17, including a number of Australians on that flight.

I oppose this bill in the strongest possible terms.

One of the reasons I do so can best be summed up by the iconic and controversial Labor figure Jack Lang, who once said: "if you nurse a mug for long enough, he's bound to die in your arms".

This bill will simply prolong nursing of the incompetent and disastrous Qantas management team lead by CEO Alan Joyce and Chairman Leigh Clifford.

Further, this bill, through the changes it seeks to the Air Navigation Act to purportedly 'level the playing field' with Virgin Australia will pave the way for effective foreign control of Qantas.

The proposed changes to the Air Navigation Act could well facilitate up to 100% foreign control of Qantas’ domestic operations, and just like Virgin, allow for a foreign carrier to have effective control of Qantas’ international operations, with a sham arrangement that on the surface seems to be 51% Australian owned, but is anything but.

We need to put this bill, this debate, to be put in perspective. The Qantas Sale Act came into being in 1992 as a result of the Keating Government privatising Qantas. The Act contains a safeguard to protect what is our de facto national flag carrier – although there is nothing de facto about the way Qantas is seen around the world representing Australia, and its importance in marketing our nation as a tourist destination.

Taxpayer funds of up to a billion dollars were tipped into Qantas to sweeten the privatisation offer. The Qantas Sale Act, even with its existing flaws, acknowledges the strategic importance of Qantas calling Australia home, both in terms of our international reputation, tourism, jobs and strategic national interest considerations.

This bill seeks to trash that once and for all.
And sadly, some of the Opposition's amendments will weaken the safeguards in the Qantas Sale Act, although the ALP's opposition to the Air Navigation Act changes is of course welcome. I urge my colleagues to support the amendments I have co-sponsored with Senators Madigan and Rhiannon to strengthen the existing safeguards in the Qantas Sale Act which I understand my colleagues will speak to shortly.

This bill has come about because of the frantic and desperate lobbying of Mr Joyce, his Chairman and the Board. If you look at the history of Mr Joyce's comments how can you believe anything this man says.

On 17 February 2011 Mr Joyce stated:
"Qantas achieved an Underlying EBIT of $165 million for the half-year. The result is 175 per cent above the prior corresponding period, driven by a $411 million, or 8 per cent, increase in total revenue. Qantas improved yield by 9 per cent and increased capacity by 3.3 per cent demonstrating a strong revenue recovery across both international and domestic business."

However just four months later on 22 June 2011 Mr Joyce stated:
"In FY11, Qantas International is forecast to generate a loss before interest and tax of approximately $200 million, on invested capital of over $5 billion, with a weaker result expected next year. Qantas International is the Group's weakest business – it has achieved required returns only three times in the past 15 years. Clearly the situation is not sustainable. However, we are developing a long-term strategy aimed at restoring competitiveness and profitability."

Between February and June 2011 no additional market supplementary statements were made by Qantas, yet during this time its share price dropped by 27%.

On the 7th of September 2012 Qantas made an application to the ACCC for an authorisation for its alliance with Emirates, with Qantas asserting that approval of its application was necessary because of the 'terminal decline' of the Qantas International segment, stating in its submission to the ACCC:
"For many years, Qantas International has been in terminal decline and has been supported by the other profitable Qantas businesses (Qantas Domestic, Qantas Frequent Flyer (QFF) and Jetstar) but its losses have continued to grow, with a $450 million loss in fiscal year 2012."

And Qantas also stated:
"…unless Qantas has the ability to recover its cost of capital over an appropriate period, it will not be possible to invest in new aircraft for Qantas International. If Qantas International can no longer sustain its network because of low returns, then this has the potential to undermine its ability to compete as a legitimate network airline."

However, telling, in its final determination in relation to Qantas' application for an alliance with Emirates the ACCC rejected Mr Joyce's "terminal decline" assertions. The ACCC stated:
"The ACCC does not accept or rely on Qantas' claim that Qantas International is in 'terminal decline' and unable to compete effectively or operate profitably. The ACCC considers that the scope of Qantas' International operations in the likely future without the proposed conduct would not be materially different to the likely future with the proposed conduct."

The alliance with Emirates was supposed to be Qantas' saviour, and well after a year into that alliance Qantas is going backwards.

It is going backwards because of a series of disastrous decisions made by Alan Joyce and the management. Due diligence demands a close look at the 129 companies that form the Qantas Group.

In the month before he was made CEO in 2008, Qantas shares were then more than double their price now.

Joyce's promotion over John Borghetti was based on his seemingly spectacular implementation of former boss Geoff Dixon's plans for Jetstar as a low-cost offshoot.
Has it become a noxious weed sapping life from the Qantas tree?
The labyrinthine accounts of Jetstar Asia, Jetstar Pacific and Jetstar Airways need to be looked at by Joe Hockey before any decision is made to bail out Qantas.

Here's an example. In 2009, Qantas paid $60 million for Singapore-based Jetstar Asia's assets - on the books valued at a bit over $3 million - as well as $200 million in accumulated losses. Is Jetstar Asia only flying because Qantas still foots the bill, despite being a minority shareholder?

Here's another. Jetstar Pacific is majority owned by a Vietnamese government entity and its audited accounts are not made public. The reported $24 million in losses from 2009 to 2011 may be understated.

I suggest that Jetstar Hong Kong is another failed enterprise with a number of A320 aircraft parked in France costing the Qantas Group millions each month. I predict that Qantas will bail out of Jetstar Hong Kong sooner rather than later.

Qantas and Jetstar employees have told me many times that they believe Qantas International looks much sicker than it is because of cost shifting from Jetstar, something perfectly legal under current Australian accounting rules.

Yet Mr Joyce and Mr Clifford continue to pedal a line that they themselves contradict within weeks.

On 18 October 2013, during Qantas' Annual General Meeting Qantas' chairman, Mr Leigh Clifford, made the following series of comments:

"For a second consecutive year, the Group ended the reporting period with positive net free cash flow. This will remain a focus in the current financial year."

"Total liquidity at 30 June was $3.4 billion, comprising $2.8 billion in cash and $630 million in undrawn debt facilities."

"Thanks to this disciplined financial management, the Group has been able to return value to shareholders through the ongoing share buy-back program."

"Strong earnings in the competitive domestic market."

"Qantas is becoming more efficient and productive, as we permanently remove costs from the business."

During the 2013 AGM Mr Joyce made a series of statements, including:

"As Leigh said, this has been a year of progress and achievement for the Qantas Group – amid tough market conditions and persistently high fuel prices."

"With a global network, a modern fleet and the best ever Qantas service, I believe we are entering a new era for this great Australian brand."

"As Leigh said, we are in a stronger financial position thanks to the steps we have taken."

"We have lowered debt levels and extended the Group's debt maturity profile, while reducing capital expenditure to ensure we retain a healthy balance sheet with strong liquidity."

Any investor hearing those comments from both the chairman and CEO of Qantas on the 18th of October 2013 could have assumed that Qantas was on the road to fiscal recovery. However, on 5 December 2013 – some seven weeks later - 1000 job losses were announced by Qantas. On 27 February 2014 a further round of job cuts was announced, bringing the total to 5000. My understanding is that the share price dropped some 25 percent from the 18th of October 2013 to the 5th of December that year – a similar decline to that observed between 17 February and 22 June 2011.

These inconsistent and apparently contrasting statements are confusing to follow. A reasonable person relying on the statements at the 2013 AGM would not have anticipated an announcement of such
magnitude on 5 December 2013, in the absence of any market update. In fact, on the 29th of November 2013 Qantas released its 'Preliminary Monthly Traffic and Capacity Statistics' for the month of October 2013. This announcement contained no updated financial guidance. For a reasonable person entirely reliant upon public information and timely disclosures from Qantas such announcements on 22 June 2011 and the 5th December 2013 would have been a surprise. I query whether sections 674 and 184 of the Corporations Act were complied with given the magnitude of the drop in the Qantas share price in those periods. It also raises the question which institutional investors were briefed selectively during these periods. Qantas, in answers to questions on notice to a recent Senate Economics Committee inquiry made reference to confidential briefings which they were not prepared to elaborate on as they were 'commercial in confidence'. It seems reasonable to ask whether some participants in the market, having been selectively briefed by Qantas, were responsible, in part, for the share price decline for both periods referred to.

Under the leadership of Joyce and Clifford Qantas has lurched from one failed strategy to the next. For about a year from mid-2011 Joyce was hell bent on setting up a premium Asian airline – referred to by some as Red Q, by critics as Far Q. First, it was to be based in Singapore, then Kuala Lumpur, before being abandoned. Joyce seems increasingly like a desperate gambler chasing his Jetstar Asia losses.

The underlying premise of this bill, that Qantas needs foreign ownership restrictions to be lifted is deeply flawed.

Interestingly, the total foreign ownership of the airline rests, as at last disclosure at 39.8% - March 2013 - I am informed that the level presently rests around 42%. This means in simple maths that there is 7% of the airline's listed capital available to any airline that should wish to purchase the stock. There does not seem to be a line out the front of Qantas' HQ in Coward Street, Sydney wanting to do so.

There are two possible reasons for this: Firstly, the price isn’t low enough. Secondly, the strategy is extremely poor.

With reference to the second point it is worth noting that as other airlines have been profitable, Qantas under the stewardship of Leigh Clifford and Alan Joyce has descended further into the red.

The share price has declined dramatically from the 28 November 2008, when Joyce became CEO. Shareholders have lost out; the various ruses pulled to change the structure of the business from the grounding in 2011, to the ill-fated Emirates alliance have not provided any consistent return to profitability. What has been consistent is poor strategy in Asia, bad investments and divisive management.

The Qantas Sale Act is not responsible for the predicament Qantas finds itself in - the management is.

To go back to where it began with Jack Lang, if the Government cradles Qantas with Joyce and his Board by pushing through these changes, it could well be that Australian tax payers will end up being the mugs.

**Senator BILYK** (Tasmania—Deputy Opposition Whip in the Senate) (10:50): In the interests of those in the Senate and those people listening and those who might have sensitive ears, I will not torture them with singing the first part of my speech, but I am sure that all Australians know the tune for these words:

I've been to cities that never close down, from New York to Rio and old London town.  
But no matter how far or how wide I roam, I still call Australia home.

**Senator Di Natale interjecting**—  

**Senator BILYK**: No, sorry, Senator Di Natale, I will not sing in public. Qantas may have used Peter Allen's classic song in their commercial, but whether they truly still call Australia
home is going to depend a lot on how this bill is handled in the Senate. Labor supports keeping Qantas Australian. An Australian carrier is important for local jobs, for local skills, for Australia's security and for regional Australia. But, unfortunately, this government has found a new export market—Australian jobs.

It is typical of this government and their small-minded, small-govern approach—their Tea Party approach thinking—to take the attitude that the best solution to any economic problem is the free market. They think there is no role for government in the economy other than to get out of the way and let the market do its job. This is exactly the kind of attitude they had when they opposed Labor's economic stimulus plan in 2009, and we all know what the economists have had to say about that decision. If those opposite had had their way, Australia would have lost 250,000 jobs in that period. Now those on the other side are up to their old tricks again—sending Australian jobs overseas under the pretence of saving jobs, because they do not realise their warped free-market ideology is doing the exact opposite.

The issue of Qantas jobs is one of particular importance to my home state of Tasmania, as nearly 300 Qantas workers are employed at the Qantas contact centre in Hobart. It is also of particular interest to me because in a previous life, before being elected to parliament, I worked for the Australian Services Union, the union that represents the inside workforce at airlines, so the Qantas employees and the previous Ansett employees. We all know I was very involved in the Ansett campaign when that airline went under. We lost hundreds of jobs there and I am afraid that it now looks like we will lose more hundreds of jobs out of Australia.

The Australian Services Union has coverage of inside workers, particularly those in call centres and the clerical staff in the airports. Qantas recently campaigned to close down the call centres in Brisbane, Melbourne and Hobart. The ASU's Victorian and Tasmanian Authorities and Services Branch contacted me earlier this year to convey their concerns about the future of those jobs, particularly in Hobart, but obviously other state branches also had concerns for their branches and the jobs there. Qantas had decided to undertake a review of its telephone sales operations in Australia and originally would not rule out closing down any or all of the three contact centres based in Hobart, Brisbane and Melbourne. So I was very pleased, after a great and strong campaign by the Australian Services Union, to receive the news that at least the Hobart contact centre would remain open.

It was unfortunate that the workers in the Queensland Qantas call centres were to lose their jobs. I have voiced concern and sympathy for those workers in this place previously. But I would like to say, 'Good on the Australian Services Union Victorian and Tasmanian Authorities and Services Branch, especially Igor Grattan and Kath Ryman, the Qantas delegates and the workers overall for having that strong campaign and such a successful campaign.' I hope they can find the same sort of strength that they had then now to help maintain their jobs.

What is really at the root of the problem is the attitude of management and the high salaries that management have been able to pay themselves over the past few years while really trying to work on privatising Qantas. Senator Sterle spoke earlier about some of those costs. He mention $600,000 for chairing the committee. It's not hard work if you can get it! I am just surprised that you can get paid that much money when your campaign is to actually privatise the company. That is another argument. I believe it has been a campaign by Qantas.
management for a long time to try to get rid of Qantas, but I do think that this government has been particularly manipulated into helping them achieve that goal.

As I said, I do hope that all jobs can remain at Qantas. I do not necessarily think that that will be the case, but I hope that it can be. But if this bill passes the Senate in its current form then I believe that certainly the jobs of my constituents will be under threat and the jobs of all Qantas workers throughout Australia. They will have a very uncertain future. That is unacceptable. I believe this because the bill we are now debating removes important protections ensuring that Qantas remains an Australian airline which is substantially based in Australia.

We can see that what the Abbott government's bill will do is cede ownership and control of Qantas to foreign interests. It would send Qantas maintenance, catering and administration jobs overseas and it would send Qantas headquarters offshore. It would mean that the Qantas Australians have grown to know and love for 94 years may no longer be called 'Qantas' anymore. It is amazing, isn't it, the difference that an election can make to changing the attitude of the Liberal and National parties—and it is amazing how short their memories are when it comes to the positions they used to take compared with the positions they take now.

In December 2009 Labor released an aviation white paper which was the result of a process of consultation with the transport and tourism industries. At the end of that process our white paper recommended that Qantas should remain majority Australian ownership but that the 35 per cent and 25 per cent rules should be repealed. These are the rules which relate to the level of ownership of Qantas by foreign airlines and a single foreign person, respectively. The then shadow minister, now Deputy Prime Minister, Mr Truss, said at that time:

The Government’s decision to allow a single foreign investor to own 49 per cent of Qantas would deliver effective control to a foreign investor, including possibly a competitor airline. Loss of effective Australian control could leave Australia without an airline primarily committed to our interests. What safeguards will be put in place for the Australian flying public, particularly those in regional areas?

Isn't it interesting how such a modest proposal to amend the Qantas Sale Act elicited such concern from the now Deputy Prime Minister about regional services but I have not heard a peep out of him about what the current bill will do to regional services. Then there was the shadow Treasurer, now the Treasurer, Mr Hockey, who said at that time:

Qantas has, over the years, tried to increase foreign investment in the airline. We have been very concerned for a number of reasons. First and foremost, Qantas is an Australian icon and Qantas undertakes significant tasks in the national interest and there have been numerous examples where Qantas—an Australian-owned airline and an airline that relies heavily on government regulation—has undertaken tasks in the national interest. Our experience has been that when companies have majority foreign ownership or majority foreign control—not necessarily the same thing—but when they have majority foreign control, then it actually has an impact on the social responsibilities of those companies here in Australia.

I think that is a pretty succinct argument for retaining an Australian owned airline from the then shadow Treasurer and now Treasurer in response to what I believe, once again, was a modest proposal from Labor in government.

But where are these concerns from Mr Hockey today when his government is looking at the removal of the wholesale provision of the act? Coming from the position they had in 2009
to the bill that is now before the Senate today has been an absolutely astounding act of acrobatics. This is not just a backflip. We have seen a few backflips on that side. This is not just a backflip; it is a triple backwards somersault with a pike! If maintaining the Qantas Sale Act protections was the government’s position five years ago then the obvious question for the coalition is: what has changed in the past five years? We have yet to hear any really coherent answer to that question. So blinded are the government by their ambition to pass this bill they seem to have lost sight of what Qantas actually wanted.

In the interests of time, because other senators want to speak, I have been asked to cut my speech short today. But I do want to just say that we need to retain Qantas as a national carrier. The workers need to be able to put their hands on their hearts and say, ‘No matter how far or how wide I roam, I still call Australia home.’

Senator LAMBIE (Tasmania—Deputy Leader and Deputy Whip of the Palmer United Party in the Senate) (11:01): This is not my first speech. I rise to make a short contribution on the Qantas Sale Amendment Bill 2014. Palmer United will oppose this government bill because it will enable the sale and greater foreign ownership of our national airline. This Abbot government bill, if passed, will endanger the jobs of 300,000 Australians and place in jeopardy the best national interest of Australia.

I am deeply disappointed that the Abbot government has brought this bill before the parliament. But, before I expand on that disappointment, I must address the position I suspect that the Labor Party will adopt on this legislation. The average Australian listening to Labor speeches from Senator Cameron and Senator Ludwig would think that the Labor Party were opposed to an increase in the level of foreign ownership of Qantas. This is not correct. Today the Labor party, with the support of the Palmer United Party, the Motoring Enthusiast Party and possibly other crossbench senators, could have stopped dead any increases in the current levels of foreign ownership of Qantas. Today Labor could have voted with PUP, the Motoring party and others to stop Qantas hopping on the slippery slope to more foreign ownership. However, the Labor Party of Ben Chifley have given an indication that they will vote for an amendment which will still allow an increase in the level of foreign ownership of Qantas.

I want the people of Australia to be very clear on this point: the legislation before this place—the Abbot government bill and the Labor Party amendments to the government’s bill—will allow increases to the current level of foreign ownership. The only substantial difference between Labor and the Liberals is the answer to the question of: how much do you want to increase the foreign ownership of Qantas? The Abbot Liberals want to sell off Qantas 100 per cent. There is no doubt about that. The Shorten Labor opposition have presented an amendment which will allow foreign airlines to increase their ownership from 35 per cent to 49 per cent and foreign persons to increase their ownership from 25 per cent to 49 per cent. The Palmer United Party will not support an increase in any foreign ownership, so we will vote against both the Labor amendments and the government bill.

The reason the government want to sell off Qantas and every other public asset not nailed down is that, when it comes to the management of the public finances, they have only one plan—sell off the farm, privatise everything, sack all the workers and trust the forces of big business and the market. The Liberals did it last time they were in power. In the Howard years, the Liberals and Nationals sold approximately $59 billion worth of public assets, and paid about $75 billion of Labor debt. The Howard era Liberals made out they were financial
geniuses, when all they did was sell off the farm and choose not to spend more than we earned. The Burnie CWA could have done the same job, if they had chosen to sell off the farm. The only difference is: Burnie's CWA know that income-producing assets—the farm—can only be sold off once.

What do we do to pay our bills? The first thing is: we get our priorities right. We do not spend billions of dollars on a gold-plated paid parental leave scheme which we cannot afford and which favours the rich. We do not borrow $30 billion over the next five years so that we can give it away to overseas countries, some of which have armies 10 times the size of our own army. Why do we give $75 million to Pakistan, a country which has a military much larger than ours and is nuclear armed?

If we want to truly grow our economy, we must have a debate about a financial transactions tax so that big banks and financial institutions pay a fairer share of tax. Last time I raised this issue, I was criticised. I am surprised that anyone could criticise me for suggesting that we should have a public debate about the amount of tax Australia's big banks pay. Since 2004, they will have almost doubled their net profits, and, according to a KPMG report, in 2012-13 they made a combined net profit of $37 billion.

An Anglicare report found that, of the $16 billion worth of Abbott's proposed budget savings, $12 billion is from those on welfare, and $3 billion is from those on high incomes. And guess where the other billion comes from? Yep, you've got it—big business. It is clear that Australia's banks and financial institutions are not paying their fair share of tax and have been afforded political protection. This is why the Liberals are slowly trying to railroad Australians into accepting an increase in the GST. This will obviously create more disadvantage for the average worker, pensioners, the sick and our needy.

So what is wrong with proposing a financial transactions tax or Robin Hood tax? Debate. It is not a new tax. France has adopted this budget measure to ensure that their banks and financial institutions pay a fairer share, and 11 other European countries may follow suit. The financial transactions tax debate is worth having, and those who have attacked me are simply trying to keep Australians in the dark, and are part of a push for an increase in the GST, which we do not believe is the answer.

There was a time in our nation's history when every politician of substance was fiercely protective of our national airline, Qantas. The great statesmen of our fighting generation set the standard. The giants of Australian politics, Chifley, Menzies and Curtin, understood to the core of their being that we must have a strong Australian-owned and -controlled national airline to guarantee our economic prosperity and guard our national interest. Today we are governed by politicians who argue like two-year-olds and forget that, in the dark days of World War II, Australia was forced to rely on the kindness and benevolence of people in foreign nations to maintain our civil air links with the world. We also had to beg—beg—foreigners for military aircraft, equipment and skilled personnel, to defend our families against an all-conquering, brutal, bloodthirsty aggressor—an aggressor who raped, slaughtered and bombed tens of millions of innocents in their bloody advance across China, South-East Asia and northern Australia in the dark days of 1942; an aggressor who our current Prime Minister calls 'honourable'.

It comes as no surprise that a Prime Minister with such a poor grasp of what was honourable during World War II and what was not also has a poor grasp of what is in our best
national interest. By presenting legislation which weakens Australian control over Qantas, he is, once again, trusting our nation's survival and prosperity to the kindness and benevolence of people in foreign nations. I have not forgotten, nor will I arrogantly dismiss, the blunt, brutal and bloody lessons of the past. The Palmer United Party fiercely opposes the change of foreign ownership laws governing Qantas.

The ACTING DEPUTY PRESIDENT: Senator Lambie, for future reference: you do need to refer to Mr Abbott either as Mr Abbott or the Prime Minister.

Senator GALLACHER (South Australia) (11:10): I rise to make a contribution in this debate in opposing the Qantas Sale Amendment Bill 2014. As others have said in this chamber, there are probably 76 senators who support the continued viability of a strong Australian controlled, Australian owned airline that is employing many thousands of Australian workers. I have had a long history in the aviation industry. In 1976 I worked for Trans-Australian Airlines, which morphed into Australian Airlines, which morphed into Qantas. When I left the aviation industry in 1988 I then became an organiser in the aviation sector and, ultimately, a branch secretary and national president of the union that has represented aviation workers for decades, and has done an extraordinarily good job. During that time I was exposed to negotiations with many different managers and boards at Qantas at the highest level, and it would be fair to say that until very recent times there was a very collegiate, a very responsible and an extremely successful history of negotiations in securing well-paid Australian based employment and a very successful history, if I may say so, in delivering the travelling public of Australia to all points of the world and all parts of Australia.

What is very clear in this debate is that we are not just talking about private sector versus public sector ownership; we are talking about an infrastructure that is integral to the economy of Australia. If we look at the number of passengers carried by Qantas, my information is that on 13 May 2014 Qantas had carried 44,946,000 passengers and Virgin had carried 18,436,660 passengers. So whatever government is in office in Australia, they clearly must have an immense, ongoing, urgent interest in that infrastructure that allows our national economy to operate. With more than 60 million people travelling, the tourism industry is absolutely critical to all parts of Australia in ongoing jobs and economic prosperity. Businesses cannot do their business without people travelling freely in this country. And I suppose all of that is balanced by the enormous competitive pressure that airlines face. When you can get a cab from Melbourne airport sometimes for about the price of a ticket from Adelaide to Melbourne, you really do understand the competitive pressure that they are under.

But clearly this infrastructure—the airline sector, the aviation sector—is no less critical than our national highways. Increasingly, we do not see the ability to travel quickly by bus or train or car; people are choosing planes, and rightly so: it is efficient, it is economically sensible and delivers immense economic benefits to our national economy. There is no developed country in the world that does not have an efficient aviation sector.

If we were to go to the more recent history of all unions dealing with management, it has really been very chequered and unrepresentative of the previous history. We see a board that has attacked its workforce; it has thrown out 5,000 jobs. There are people in my street in Adelaide, and there are probably people in everybody's suburb, who used to work for this great airline, who enjoyed careers of 30 years earning decent wages and, more importantly I
suppose from Qantas's perspective, who had the brand at heart, who did over and above what they were paid for to make sure that that place was successful. Unfortunately, with the advent of Mr Clifford and Mr Joyce, there has been a concerted attempt to move passengers from Qantas to Jetstar.

At a recent inquiry in this place, the evidence was clear: there are more passengers on Jetstar than on Qantas. The average age of the fleet in Jetstar is lower than it is at Qantas. There has been a clear shift to ensure profitability, and if it were successful you would have to say, 'Good on them.' But the reality is they have shifted work to Jetstar, they have shifted planes to Jetstar, they have not delivered profitability, there has been no dividend, the share price has reduced, management wages have gone up and employment has been turned into unemployment and redundancy. This is a disgraceful effort.

What is a complete mystery to me is why the shareholders have put up with it. Why have the shareholders put up with destruction of shareholder value, destruction of jobs and non-payment of a dividend? It has been an absolute point of debate with those of the other side, and I understand their free-market philosophy, but why is Qantas in this place all the time knocking on the door seeking government intervention? The reality is that they obviously seek to continue with their agenda of shifting planes from Australia into Asia. Once again, that is clear economic rationalism policy: let's go to Hong Kong and start up a business and make some money; let's go to Japan and start up a business and make some money. The reality is they have not made any money. And the fact that they have not made any money has exacerbated the situation they find themselves in—they need to come to government cap in hand asking for a number of things.

I am not really too concerned about that because, going back to my initial point, this is national infrastructure. This is what makes Australia's economy tick—a good viable airline industry. The problem with Qantas is we have the wrong people running it. We have a mathematician who can only subtract value, not add value. That is what he did his university course in: mathematics. Yet when we look at the mathematics of Qantas's performance, it is all negative. There has been no adding of value. As other people in this place—Senator Ludwig, Senator Sterle, Senator Bilyk and Senator Lazarus—have said, we are very proud of our airline and we want to get on and get home from wherever we are in the world on the safest airline in the world.

The reality is they have changed fundamentally that loyalty that used to exist. They have done deals which mean you cannot get a 'kangaroo' out of Adelaide to Singapore or from Perth to Singapore. They have done these arrangements and they have not even been able to come back to this chamber or to this parliament or to the Australian people and say, 'We did it for sound economic reasons and we're making money.' We all want to see Qantas be successful. I do not think that there is a senator in this place who does not want to see Qantas be successful. But at what cost? At the cost of more Australians jobs? They have not only delivered no dividend, a lower share price and turned employment into unemployment but they have actually brought into question Australia's iconic airline's impeccable safety record. They have brought that impeccable safety record into question through their cuts and through their new-age philosophy.

When Mr Joyce came to Australia I had a meeting with him. As we do in the aviation sector, all unions had a meeting with Mr Joyce. We were not terribly worried—he was just a
new CEO; it is usually the changing of the guard. But it was a fundamental changing of the
guard: it was to bring in fundamentally different thinking, with his whole philosophy and
through his senior managers—and I met most of those people. The simple fact is that the only
thing that has not happened in deregulation of aviation in Australia is reduction of wages and
conditions. If you look at the American sector, you can see there are pilots flying for $20 an
hour. You can see there are workers servicing aircraft for fundamentally lower wages and
conditions than what we in Australia currently enjoy. The message to Mr Joyce and any
government is that, fundamentally, unions will not walk away from their members and allow
wages and conditions to be destroyed.

There are difficult challenges here for whatever government is an office. It is a scrambled
egg. There are conditions applied to Qantas that people argue should not apply to Virgin,
because people want a level playing field. My suggestion to Qantas is: if you want support in
this place, demonstrate your fundamental commitment to Australia in terms of jobs and the
national integrity of our economy by making sure that Qantas planes fly. The first thing that
Alan Joyce did in that regard was to ground the airline. He disrupted the entire national
economy of this country in his jihad against Australian wages and conditions.

We will never on this side of the chamber—and, I am certain, on the crossbenches—walk
away from fundamentally good wages and conditions for Australian workers by a company
that has not demonstrated prudent, clever fiscal strategies designed to maximise shareholder
value, pay a dividend and create employment. This is not going to go away. We will always
stay on the side of good and clever management, great jobs for Australia and safe travel for
Australians.

I have a son, a daughter and three grandchildren who were in Europe this morning.
 Foolishly, I did not check their flight details. I can now confirm that they are nowhere near
that awful tragedy. Australians love their airline and will always support their airline, but it
needs to be backed up by a good and clever management team that is prepared to work with
Australians to get the job done and keep this economy functioning properly.

Senator MADIGAN (Victoria) (11:21): Before I address the bill, I wish to express my
deepest sympathies and condolences for all the families and friends who have lost their loved
ones in the tragedy of MH17, including the many Australians on the flight.

I am going to keep my remarks very brief. I suspect this bill, like so many others, has
already fallen victim to backroom deals and negotiations. In fact, I do not know why the
government and the opposition have put us through the agony this morning to outline their
lack of vision for this once great national carrier.

The Qantas Sale Amendment Bill 2014 is the government's crass attempt to free Qantas
from its supposed shackles. However, it would be more effective if Alan Joyce left the airline
to a new leadership that would allow the business to truly fly. What makes Qantas great is the
99 per cent within the business. The skill and professionalism of Qantas pilots, flight
attendants, maintenance, catering and ground staff are second to none.

Qantas has become a national carrier only by name with the executive more interested in
their own bonuses rather than investing in the business by investing in Australia. Qantas was
the pride of our nation and it can be again. To do so they must follow steps outlined in the
amendments circulated by Senator Xenophon, Senator Rhiannon and me.
The reason I will not be supporting this bill is that I recognise that Qantas is not competing on a level playing field. Foreign governments support their airlines, their car industries, their manufacturers and their agricultural sectors—and ours does not. This is an irrefutable fact.

Before I conclude, I would just like to outline precisely the reasons for our amendments. The amendments will keep the current foreign ownership requirements contained in the Qantas Sale Act 1992. The amendments will strengthen the requirements in the Qantas Sale Act in respect of Qantas and its future subsidiaries' facilities being located in Australia, and prevent Qantas from creating any new subsidiaries in order to shift operations overseas.

I am under no illusion that the government and the opposition will not even contemplate for a minute supporting the sensible amendments put forward. However, I ask the crossbench to show their support for the best interest of Qantas's future and their workers by supporting these amendments.

Senator IAN MACDONALD (Queensland) (11:24): I support the bill proposed by the government. Why? Because I have an interest in Qantas and I fear for its long-term future. It is a great airline. It is very professionally run and operated. It provides a magnificent service for Australia and indeed internationally. I have a personal and private attachment to Qantas in that my mother worked for the Cloncurry agent of the first agency for the first Qantas, when it flew out of Longreach and Winton all those years ago. It is a significant and iconic symbol of Australia.

What I want to contribute to this debate was encouraged by the contributions by most of the Labor senators here. I was on the Senate inquiry that looked into the Qantas sale bill and it became very clear, as has become clear from the speeches today, that the Labor party are determined to penalise not the airline but its current managing director. They have a pathological hatred of Mr Joyce. Why? Because Mr Joyce was one of the few business people in Australia who had the intestinal fortitude a couple of years ago to stand up to the outrageous demands of the unions. Had Mr Joyce capitulated to the outrageous demands propagated by union bosses, Qantas would have gone the same way that Ansett did. I have been around long enough to remember Ansett rolling over every time to the demands of the unions. All pretty good for the unions, but what happened? The company went broke and all of those people who were employed in that company were without a job. How good is that for looking after your union members? They did not have a job. And that is the issue, because a couple of years ago Mr Joyce said, 'No, we're out of this. We will not capitulate because if we do capitulate we'll go the same way as Ansett,' so he stood up to the unions. Ever since that day the unions and the Australia Labor Party representing the unions in this chamber—and most of the people here are beholden to the union movement for their very presence here—will do everything not really to attack Qantas but to attack one man who had the courage to stand up to the union movement.

It was interesting to learn at that inquiry when we had a couple of union leaders who came to give evidence that one of them never used Qantas. He had all the rhetoric about supporting the Australian airline, but he always flew on another airline which was not Australian owned but owned by a foreign government and foreign airlines. The other union leader could not remember exactly how many times he had flown on Qantas, but clearly it was not many. In fact, we asked him to indicate which airlines he had used on some of his recent trips overseas and, surprisingly, he could not even remember that. So here is the union supposedly looking
after its members who work for Qantas but the union leaders are not supporting them because they do not support Qantas, they support the opposition airline.

In Australia, we are very fortunate indeed in having two very professional, very safe airlines that are well run. Both employ many, many Australians and provide a wonderful service. Perhaps those of us in this parliament building—unfortunately, I might say—probably use the airlines more than any other group in Australia, not because we like flying but because it is the only way to get from where we live—in my case, eight hours flying time away—to Canberra for work. But we are good observers and we know that the two current Australian airlines are amongst the best in the world.

My presence in this debate is simply to say to the Labor Party senators: forget your hatred. Forget your determination to attack one particular person and look at the interests of Australia. Without two profitable operating airlines, we are going to end up, as we did for quite a while in times gone by, where there was only one such airline. You cannot run an airline on the smell of an oily rag. You have to make profits, and to do that you have to be able to manage the airline on the basis of an even playing field. Currently, the two airlines have different rules and regulations which give one airline a competitive advantage.

I ask the Labor Party to forget its prejudice, forgets its hatred against someone who stood up to the unions, and make a decision in this chamber in the interests of Australia and Australians. I urge all senators to support the government's bill.

Senator JOHNSTON (Western Australia—Minister for Defence) (11:31): To reiterate in closing the second reading debate: I remind senators that the purpose of this bill is to remove the regulatory handcuffs that apply to Qantas but to no other Australian based airline including in relation to accessing foreign capital. Currently there is one set of rules and another set of rules for other Australian based airlines. Part 3 of the Qantas Sale Act, which the government proposes to repeal, requires Qantas to include a range of outdated restrictions in its articles of association. Under part 3 of the act, foreign ownership is limited to 49 per cent, a single investor cannot own more than 25 per cent and foreign airlines are limited to aggregate ownership of 35 per cent. In contract, under the Air Navigation Act foreign persons can own up to 49 per cent of other Australian international airlines, with no restrictions on foreign ownership for Australian domestic airlines, subject to consideration by the Foreign Investment Review Board.

The bill makes amendments to definitions in the Air Navigation Act to ensure that Qantas is subject to the provisions regarding foreign ownership, thereby creating a consistent regulatory framework for all Australian international airlines. Australia's air services agreements with other countries require an airline seeking to exercise Australia's air traffic rights to be designated by government. This means they must satisfy a range of requirements including, firstly, substantial ownership and effective control by Australian nationals. Two-thirds of the board members must be Australian citizens, as must be the chairperson. Lastly, the airline's head office and operational base must also be in Australia. The government does not propose to change that set of criteria.

In summary, the legislation means that Qantas will no longer operate at a competitive disadvantage and that government regulation will no longer stand in the way of Qantas's efforts to return to profitability. These amendments to the sale act mean investors can acquire the same level of ownership. I will go into explaining the amendments that the government
has accepted with the opposition. These changes will mean that investors can acquire the same level of ownership in Qantas as they can in other Australian international airlines. The government maintains that the best way to assist Qantas is to level the playing field and ensure the same regulatory framework will apply to all Australian international airlines. Whilst the amended bill is not the optimal solution, it is progress toward this goal.

I thank all senators for their contributions in this debate and commend the bill to the Senate.

The ACTING DEPUTY PRESIDENT (Senator Peris): The question is that the Qantas Sale Amendment Bill 2014 be now read a second time.

The Senate divided. [11:38]

(The Acting Deputy President—Senator Peris)

Ayes ....................52
Noes ....................15
Majority ...............37

AYES

Abetz, E
Bernardi, C
Birmingham, SJ
Bullock, J.W.
Cameron, DN
Carr, KJ
Colbeck, R
Dastyari, S
Edwards, S
Fawcett, DJ
Fifield, MP
Johnston, D
Leyonhjelm, DE
Ludwig, JW
Macdonald, ID
Mason, B
McGrath, J
McLucas, J
Nash, F
O’Sullivan, B
Peris, N
Reynolds, L
Ryan, SM
Singh, LM
Smith, D
Williams, JR

NOES

Di Natale, R
Lambie, J
Ludlam, S
Milne, C
Rhiannon, L
Siewert, R (teller)
Question agreed to
Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator CAMERON (New South Wales) (11:42): The opposition has three amendments in relation to this bill. I understand that we will be dealing with sheet 7476 initially. I move:
(2) Schedule 1, page 3 (lines 1 to 5), omit the Schedule, substitute:

Schedule 1—Amendments
Qantas Sale Act 1992
1 Paragraphs 7(1)(aa) and (b)
   Repeal the paragraphs.
2 Paragraph 7(1)(d)
   Omit ", (b)".

This amendment is basically the 25 per cent, 35 per cent proposition. This amendment will remove the 35 per cent and 25 per cent sublimits on foreign ownership but will retain the requirements for at least 51 per cent ownership of Qantas by Australians and all other elements of part III that give Qantas its Australian character. This includes keeping provisions that give legislative effect to those requirements. These are: the majority of Qantas international operations, including maintenance, housing of aircraft, catering, flight operations, training and administration, be based in Australia—that is, Qantas jobs should predominantly be Australian jobs; the Qantas board to remain composed of at least two-thirds Australians, including the chair; the Qantas name must be used for international services; Qantas's head office to remain in Australia; and Qantas to remain incorporated in Australia. Labor will not allow these provisions to be taken out of the legislation, as the government had proposed. The position is consistent with the recommendation of Labor senators on the Senate Economics Legislation Committee when the bill was considered.

Senator JOHNSTON (Western Australia—Minister for Defence) (11:44): The government will support the Australian Labor Party's amendment to this bill. The proposed amendment means that the bill removes the 25 and 35 per cent intermediate restrictions on foreign ownership of Qantas but leaves the other restrictions contained in part III unchanged. By removing those foreign investment restrictions, the bill allows foreign investors to acquire the same level of ownership in Qantas as they can in other Australian international airlines regulated by the Air Navigation Act 1920.

The government opposes the other amendments. I do not propose to say much more about those other amendments. I think the reasons that we are opposing the amendments as proposed by the Greens and the crossbenchers are obvious and contained in both the second reading speech and the summing up that I have delivered.
The government maintains that the best way to assist Qantas is to level the playing field. While the revised bill goes some way in evening the playing field, it still will not be level. Qantas will still operate under a unique statutory regulatory framework that does not apply to any other Australian airline. Having said that, I think the government's disposition with respect to these amendments is clear, and we will not be opposing Labor's amendments.

Senator RHIANNON (New South Wales) (11:45): The Greens do not support Labor's amendments that, if passed, would clearly increase the level of foreign ownership. We support the retention of the limits, which limit the individual investor to 25 per cent ownership and foreign-owned airlines to 35 per cent. The Labor-coalition deal would allow the foreign level of ownership to rise to 49 per cent. We need to look at what Labor is saying. I acknowledge what the opposition spokesperson, Mr Albanese, said:

This reform will ensure that Qantas will remain majority Australian owned

Many Labor senators have reiterated that message today along with their defence of jobs. We need to look at what 'to remain a majority Australian owned' means and if that is possible. When my colleague Senator Peter Whish-Wilson spoke, he provided some very useful information about how this will play out, and I look forward to his contribution on how we can be confident that majority ownership would stay with Australia.

In this part of the committee, we need to unpack what Labor is saying, because there is a concern with how this amendment will play out. We heard from Mr Albanese and Labor senators about what they want, but Mr Albanese is delivering and Labor is about to vote for is what Qantas management have said they are pleased with. In *The Sydney Morning Herald* on 15 July, an unnamed Qantas spokesperson said:

While removing all restrictions that apply only to Qantas remains our preference for levelling the playing field, changing the 25 and 35 per cent limits would represent an improvement on the status quo.

It is very important for Labor senators to recognise that it is not an improvement on the status quo. The status quo has higher levels of protection against foreign ownership, and if you vote with the coalition, this deal will weaken the protection that is currently in part III. I would argue that that is a real concern and that we need stronger limits on foreign ownership, not this watering down.

I am not questioning the sincerity of Labor senators who have spoken in this debate. They have clearly set out their position. My guess is that some would not completely understand that weakening the limits on foreign ownership is about to occur. If Labor and the coalition vote together, they are voting for what Qantas management wants. They are opening the door to increased foreign ownership and strengthening the hand of the very Qantas management that we have heard a number of Labor senators be so critical of. This is the very management who drive down working conditions and wages and who are working to casualise the workforce. That is what will happen if Labor vote with the coalition and this deal goes through.

It looks like Labor have chosen to work with the coalition and it is very unfortunate that they did not choose to work with the Greens, Senator Nick Xenophon and Senator John Madigan, who have set out their concerns about issues to do with foreign ownership, and the Palmer United Party. We could have improved the current situation under which Qantas operates rather than weakening it, which could occur if this amendment goes through.
Senator WHISH-WILSON (Tasmania) (11:49): I just want to ask the minister a question. The government has obviously reviewed these amendments by Labor. Could the minister explain how the potential increase of a single investor will get to 49 per cent? Given the overall aggregate level is going to be 49 per cent and total foreign ownership is going to be 49 per cent, could he explain where total foreign ownership of Qantas is right now, where it has been historically and how exactly this will work on the share market?

Senator JOHNSTON (Western Australia—Minister for Defence) (11:50): I do not have that information. It is not material to the legislation before the chamber. The ordinary course of events of the functioning of the company’s equity ownership will be in the marketplace. As you know, Qantas is a listed entity. As to the issuing of further shares or the provision of further equity or the making of contractual arrangements with investors, that is a matter for Qantas, as it would be for any other business that is a listed entity in the marketplace pursuant to the Corporations Law. Those matters do not bear upon the fact that there is a constraint that we are seeking to remove such that, in the ordinary course of business, Qantas can provide increased foreign equity to 49 per cent as set out in this legislation.

Senator WHISH-WILSON (Tasmania) (11:51): We are passing a law here that is changing the ownership level of Qantas and allowing a single foreign investor—potentially and presumably, but not always, another airline—and I do not understand how it is going to work and whether you have met with Qantas and talked to them about exactly how it is going to work. If you already have an ownership level over 40 per cent or around 40 per cent like it is now—and sometimes it gets to the limit of 49 per cent—and an airline wants to buy a 49 per cent stake in Qantas, how does that work? How can they make an on-market or an off-market offer without pushing the total ownership over 49 per cent? You should be able to explain this, because it is obviously fundamental to the legislation that you have thought through how this would work.

Senator JOHNSTON (Western Australia—Minister for Defence) (11:52): It works very simply, Senator. Qantas and any equity purchaser must comply with the law.

Senator WHISH-WILSON (Tasmania) (11:52): I have been asked not to take up too much time. But the Corporations Law has nothing to do with this. This is a separate issue for Qantas. The shareholder cap has been in place for a long time. I am thinking about the process that would occur. Presumably you have done this for the benefit of Qantas. We are supporting these amendments to allow a larger single shareholding—presumably another airline—but I do not know how it is going to work. I know there are hundreds and thousands of other foreign investors—pension funds, mutual funds—all holding shareholdings in Qantas. They classify as foreign shareholders. How does a new shareholder come into the market and take a stake without pushing the total cap over 49 per cent? It is a bit counterintuitive.

Senator JOHNSTON (Western Australia—Minister for Defence) (11:53): We do not think it is.

The CHAIRMAN: The question is that opposition amendment (2) on sheet 7476 be agreed to.
The committee divided. [11:58]

(The Chairman—Senator Marshall)

Ayes ...................... 48
Noes ...................... 15
Majority ............... 33

AYES
Abetz, E
Bernardi, C
Birmingham, SJ
Bullock, J.W.
Cameron, DN
Cash, MC
Dastyari, S
Edwards, S
Fawcett, DJ
Fifield, MP
Johnston, D
Leyonhjelm, DE
Ludwig, JW
Macdonald, ID
McEwen, A
McKenzie, B
Moore, CM
O’Neill, DM
Payne, MA
Polley, H
Ruston, A
Seselja, Z
Sinodinos, A
Sterle, G

Back, CJ
Bilyk, CL
Brown, CL
Bushby, DC
Canavan, M.J.
Colbeck, R
Day, R.J.
Faulkner, J
Fierravanti-Wells, C
Gallacher, AM
Ketter, CR
Lines, S
Lundy, KA
Marshall, GM
McGrath, J
McLucas, J
Nash, F
O’Sullivan, B (teller)
Peris, N
Reynolds, L
Ryan, SM
Singh, LM
Smith, D
Williams, JR

NOES
Di Natale, R
Lambie, J
Ludlam, S
Milne, C
Rhiannon, L
Siewert, R (teller)
Waters, LJ
Wright, PL

Hanson-Young, SC
Lazarus, GP
Madigan, JJ
Muir, R
Rice, J
Wang, Z
Whish-Wilson, PS

Question agreed to.

The CHAIRMAN (12:02): The next two items on the running sheet—one by Senators Madigan, Rhiannon and Xenophon and the other one by the opposition—effectively deal in part with the same item that we have just voted on. They also deal with schedule 2. I intend to separate the questions. The first question I will put before the committee—and people can talk about this, but I am letting the chamber know how I intend to proceed—is that schedule 1, as
amended, be agreed to. Then I will separately put that schedule 2 stand as printed. That is how I intend to proceed.

Senator RHIANNON (New South Wales) (12:03): I, and also on behalf of Senator Nick Xenophon and Senator John Madigan, oppose schedules 1 and 2 in the following terms:

(3) Schedule 1, page 3 (lines 1 to 5), to be opposed.

(4) Schedule 2, page 4 (lines 1 to 16), to be opposed.

I have been working with Senator Madigan on this aspect of the committee proceedings. We do have concerns with these schedules. We are endeavouring to keep the current foreign ownership requirements contained in the Qantas Sale Act. We need to strengthen the requirements in the Qantas Sale Act in respect of Qantas facilities being located in Australia. I think that is where we, hopefully, have agreement. We have also specified that it is important that any future subsidiaries of Qantas are covered. That is also a point we have included.

We are also preventing Qantas from creating any new subsidiaries in order to shift operations overseas. Under the current Qantas Sale Act the majority of Qantas's facilities are taken in aggregate and must be located in Australia. We are referring there obviously to maintenance, administration and catering. It is very important that the majority are located in Australia but, because they are grouped together, the Qantas Sale Act gives Qantas the potential to move individual facilities offshore as long as the majority of all facilities remain in Australia. You can see that this is a very unfortunate loophole that can be exploited. For example, Qantas could send 1,999 jobs from engineering overseas while keeping 2,000 administration jobs in Australia and satisfy the act. I do not believe that is what people believe is the intention of the act. That is why we believe this needs to be tightened.

The proposal by Senator Madigan, Senator Xenophon and me would mean the majority of each of the individual facilities operated must be located here. We have spelt out what they are—catering, flight operations, training, administration, maintenance and housing of the aircraft. We have heard many speeches here today detailing the importance of jobs being retained in Australia. Surely this greater clarification that our joint amendment would bring to this strengthens the important point that many senators have made.

I also want to emphasise a point about any subsidiaries created. The amendment applies to any subsidiary created by Qantas after 17 July 2014, so not current subsidiaries but those post, if this happens to be passed. We believe such a provision is necessary as any delay in it coming into effect will give Qantas the opportunity to create shell companies in order to avoid being caught by the provisions of the amendment. If you look at operations to date, that is something we need to be mindful of. As the amendment applies to only future Qantas decisions about where to locate facilities, it does not require Qantas or any of its current subsidiaries to shift facilities already located outside of Australia.

Senator CAMERON (New South Wales) (12:08): The opposition supports this proposal.

The CHAIRMAN: The question is that schedule 1, as amended, be agreed to.

Question agreed to.

The CHAIRMAN: The question now is that schedule 2 stand as printed.

Question negatived.

The CHAIRMAN: We move to amendments (2) and (5) on sheet 7533 revised.
Senator RHIANNON (New South Wales) (12:09): I thought it was (4) and (2).

The CHAIRMAN: I think the revised sheet changes the numbering.

Senator RHIANNON: I do not need to add further comments. The comments that I made when I originally spoke about the need for clarity about where these facilities are located and getting down to the division still apply. Considering the lateness of the hour, I am happy to curtail my comments.

Senator CAMERON (New South Wales) (12:11): Can I just indicate, we have not seen these amendments. We need to at least have a couple of minutes just to get our position clarified on it.

The CHAIRMAN: I think that is fair. There was a revised sheet that came round not long ago, so I am happy to facilitate that for the moment. There is another question I have to deal with administratively, which goes back to the opposition—amendment (1) on sheet 7476.

Senator CAMERON: I move amendment (1) on sheet 7476:
(1) Clause 2, page 2 (table item 2, column headed "Provision(s)"), omit "Schedules 1 and 2", substitute "Schedule 1".

The CHAIRMAN: The question is that amendment (1) on sheet 7476 be agreed to.

Question agreed to.

Senator RHIANNON (New South Wales) (12:12): by leave—I move amendments (2) and (5) on sheet 7533 revised:
(2) Clause 2, page 2 (at the end of the table), add:

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<th>3. Schedule 3</th>
<th>A day or days to be fixed by Proclamation.</th>
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<td>However, if any of the provision(s) do not commence within the period of 6 months beginning on the day this Act receives the Royal Assent, they commence on the day after the end of that period.</td>
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</tbody>
</table>

(5) Page 4 (after line 16), at the end of the bill, add:

Schedule 3—Facilities

Qantas Sale Act 1992

1 Subsection 3(1) (definition of mandatory article)

Repeal the definition, substitute:

mandatory article means:

(a) a provision included in Qantas' articles of association in accordance with subsection 7(1); or

(b) a provision included in a Qantas subsidiary's articles of association in accordance with subsection 7(1A).

2 Part 3 (heading)

Omit "Qantas".

3 Section 7 (heading)

Omit "Qantas' articles", substitute "Articles".

4 After paragraph 7(1)(b)

Insert:

(ha) for each of the following classes of facilities:

(i) facilities for the maintenance and housing of aircraft;
(ii) facilities for catering;
(iii) facilities for flight operations;
(iv) facilities for training;
(v) facilities for administration;
(vi) all other facilities which Qantas uses in the provision of scheduled international air transport services;

require that of the facilities of that class which Qantas uses in the provision of scheduled international air transport services, the facilities located in Australia, when compared with those located in any other country, must represent the principal centre of the relevant operations for Qantas; and

5 After subsection 7(1)
Insert:

(1A) The articles of association of a Qantas subsidiary must, on and from the commencement of this subsection, for each of the following classes of facilities:

(a) facilities for the maintenance and housing of aircraft;
(b) facilities for catering;
(c) facilities for flight operations;
(d) facilities for training;
(e) facilities for administration;
(f) all other facilities which the subsidiary uses in the provision of scheduled international air transport services;

require that of the facilities of that class which the subsidiary uses in the provision of scheduled international air transport services, the facilities located in Australia, when compared with those located in any other country, must represent the principal centre of the relevant operations for the subsidiary.

6 Section 8 (heading)
Omit "Qantas".

7 Subsection 8(1)
After "Qantas", insert "or a Qantas subsidiary".

8 Subsection 8(1)
After "Qantas", insert "or the subsidiary's".

9 Subsection 8(2)
After "Qantas", insert "or a Qantas subsidiary".

10 Subsection 10(1)
After "Qantas" (first occurring), insert ", a Qantas subsidiary".

11 Subsection 10(1)
After "Qantas" (second and third occurring), insert ", the subsidiary".

12 Subsection 10(2)
After "Qantas" (first occurring), insert ", a Qantas subsidiary".

13 Subsection 10(2)
After "Qantas" (second and third occurring), insert ", the subsidiary".

14 Subsection 10(6)
After "Qantas" (first occurring), insert ", a Qantas subsidiary".

CHAMBER
15 Paragraphs 10(6)(a), (b) and (c)
   After "Qantas", insert ", the subsidiary".

16 Subsection 10(7)
   After "Qantas" (first occurring), insert ", a Qantas subsidiary".

17 Paragraphs 10(7)(a), (b) and (c)
   After "Qantas", insert ", the subsidiary".

18 Subsection 10(9)
   After "Qantas" (first and second occurring), insert ", a Qantas subsidiary".

19 Subsection 10(9)
   After "Qantas" (third occurring), insert ", the subsidiary".

20 Application of amendments
   (1) The amendments made by this Schedule (other than item 4) apply to a body corporate that becomes a Qantas subsidiary after 17 July 2014.
   (2) The amendments made by items 4 and 5 apply to facilities that Qantas or a Qantas subsidiary first use in the provision of scheduled international air transport services after 17 July 2014.

Just to speak to the amendments and Senator Cameron's request for time: it is a minor change with regard to the issue of Qantas subsidiaries that we have spelt out in the amendments. There is some new language there so, obviously, we are quite happy for time to be taken. I thought it was a minor change, but if we want to discuss it in committee, I am quite happy to. It is just specifying that issue of what would be captured by this. To be quite honest, it is fair to Qantas with regard to any subsidiaries. It is not about anything that has happened in the past; it is just about new subsidiaries.

Senator JOHNSTON (Western Australia—Minister for Defence) (12:13): In line with what we have said, the government's perspective is that this should not apply to Qantas subsidiaries. We think the position is very, very clear. This is about Qantas and no other corporate entity.

Senator CAMERON (New South Wales) (12:13): Labor will not be supporting these amendments. They would appear to impose conditions on all of Qantas's subsidiaries including Jetstar, which would have significant impacts on the operation of those businesses.

Whilst we are not opposed in principle to keeping as many jobs as possible in Australia, these amendments appear to have far-reaching consequences and ought to be considered very carefully. Now is not the time they can be given the serious consideration they deserve.

As I have said, we have just learnt of them recently. It would be appreciated if the senators moving them had spoken to us about their implications. Qantas and its subsidiaries are a listed company among Australia's top 100 companies by market capitalisation. While I have had major disagreements with Qantas management over the years, I believe that Qantas is entitled to be consulted over legislation that would result in Qantas having to make major changes to its business. Clearly, that has not happened with these amendments.

Labor's intention in relation to this bill is to retain part 3 of the Qantas Sale Act, not to amend part 3 in the manner proposed by these amendments. That is the main game for us at the moment. That is why we will not be supporting these amendments, but we would be...
amenable to discussions on these amendments in the future, without committing ourselves to any outcome.

Senator JOHNSTON (Western Australia—Minister for Defence) (12:15): I pause to thank Senator Cameron for that very responsible approach to this. His methodology and process, in what is a very difficult and complex matter in terms of unintended consequences, is very commonsensical and I want to put on record my appreciation of that response.

Senator RHIANNON (New South Wales) (12:15): It is disappointing to hear that Senator Cameron has indicated that Labor cannot support the amendments before us. Page 3 of sheet 7533 revised sets out very clearly that we are talking about Qantas subsidiaries created after 17 July 2014. So let's be clear what these amendments cover: they cover jobs, something that really has dominated the speeches by Labor senators today—the very deep commitment to protect Qantas jobs. We know that the current wording can allow and has allowed Qantas to move many jobs overseas. That is why we have spelt out the different categories here with regard to catering, flight operations, training, administration, maintenance and housing of aircraft. I spelt that out before and I am spelling it out again. People need to know what they are voting for. I appreciate the issues about subsidiaries, but we have the protection. It is nothing in the past; it is not capturing that. We are talking about the future.

I also acknowledge Senator Cameron's comments about time, but we all have to deal with that on the floor, and these are actually very simple amendments. To see the extent of this Labor-coalition deal is really disturbing. Here you can still achieve what you want to do, Senator Cameron, with regard to the weakening of foreign ownership, but, by working here with the Greens, the independent senators and the Palmer United Party, you could lock in greater protection of jobs. It looks like we are about to lose the vote, and that is really disappointing.

Senator CAMERON (New South Wales) (12:17): For the record, I indicate that the lecture from Senator Rhiannon has not made any difference to our position. We are opposed to legislation by ambush and we need time to consider such an important piece of legislation. This has only just come to our attention. We have had discussions with parties on this legislation over a period of time. It was never raised with us until last night, I think, when we became broadly aware of it.

The situation, as I have indicated quite clearly, is that on the principle of what is being proposed—on the principle of maintaining as many Qantas jobs in Australia as possible—we are as one. But I have learnt in this chamber and this parliament: if you come out with a purist position, if you come out with a position that says, 'Either take everything or you get nothing,' you get nowhere. I would rather work through a process. I learnt as a union official that you can never get all you want in one hit and you have to work through issues in a competent, effective manner. I do not think this process is either competent or effective. I caution the Greens that, if you want our support on serious legislative matters, you should talk to us.

Senator RHIANNON (New South Wales) (12:19): I do appreciate that Senator Cameron has been put in a difficult position by the opposition transport spokesperson, Mr Albanese, who has done a deal with the coalition, but it is not an all-or-nothing approach. Again, it is very simple. It is just giving greater protection to Australian jobs, meaning that we could retain more in Australia. It is actually very straightforward. Senator Cameron indicated that they had the amendments last night and surely that decision could have been made overnight.
The *CHAIRMAN*: The question is that amendments (2) and (5) on sheet 7533 revised be agreed to.

The committee divided. [12:24]

(The Chairman—Senator Marshall)

Ayes ................. 11  
Noes .................. 43  
Majority............... 32

AYES

Di Natale, R  
Ludlam, S  
Milne, C  
Rice, J  
Waters, LJ  
Wright, PL

Hanson-Young, SC  
Madigan, JJ  
Rhiannon, L  
Siewert, R (teller)  
Whish-Wilson, PS

NOES

Abetz, E  
Bernardi, C  
Birmingham, SJ  
Bushby, DC  
Canavan, M.J.  
Colbeck, R  
Day, R.J.  
Fawcett, DJ  
Fifield, MP  
Johnston, D  
Leyonhjelm, DE  
Lundy, KA  
Marshall, GM  
McGrath, J  
McLucas, J  
Nash, F  
O'Sullivan, B  
Reynolds, L  
Ryan, SM  
Singh, LM  
Smith, D  
Williams, JR

Back, CJ  
Bilyk, CL (teller)  
Bullock, J W.  
Cameron, DN  
Cash, MC  
Dastyari, S  
Edwards, S  
Fierravanti-Wells, C  
Gallacher, AM  
Ketter, CR  
Lines, S  
Macdonald, ID  
McEwen, A  
McKenzie, B  
Moore, CM  
O'Neill, DM  
Peris, N  
Ruston, A  
Seselja, Z  
Sinodinos, A  
Sterle, G

Question negatived.

The *CHAIRMAN* (12:27): The question now is that this bill, as amended, be agreed to.
The committee divided. [12:29]
(The Chairman—Senator Marshall)

Ayes ......................40
Noes ......................15
Majority ...............25

AYES

Back, CJ  Bernardi, C
Bilyk, CL  Birmingham, SJ
Bullock, J.W.  Bushby, DC
Canavan, M.J.  Cash, MC
Colbeck, R  Dastyari, S
Day, R.J.  Edwards, S
Fawcett, DJ (teller)  Fierravanti-Wells, C
Fifield, MP  Gallacher, AM
Johnston, D  Ketter, CR
Leyonhjelm, DE  Lines, S
Lundy, KA  Maclachlan, ID
Marshall, GM  McEwen, A
McGrath, J  McKenzie, B
McLucas, J  Nash, F
O'Neill, DM  O'Sullivan, B
Peris, N  Reynolds, L
Ruston, A  Ryan, SM
Seselja, Z  Singh, LM
Sinodinos, A  Smith, D
Sterle, G  Williams, JR

NOES

Di Natale, R  Hanson-Young, SC
Lambie, J  Lazarus, GP
Ludlam, S  Madigan, JJ
Milne, C  Muir, R
Rhiannon, L  Rice, J
Siewert, R (teller)  Wang, Z
Waters, LJ  Whish-Wilson, PS
Wright, PL

Question agreed to.
Bill, as amended, agreed to.
Bill reported with amendments; report adopted.

Third Reading

Senator Johnston (Western Australia—Minister for Defence) (12:32): I move:
That this bill be now read a third time.

The President: The question is that the bill be now read a third time.
The Senate divided. [12:34]
(The President—Senator Parry)

Ayes .................... 44
Noes ..................... 15
Majority................. 29

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<td>Wang, Z</td>
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<td>Whish-Wilson, PS</td>
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Question agreed to.
Bill read a third time.

**BUSINESS**

**Rearrangement**

*Senator FIFIELD* (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:36): by leave—I move:

That consideration of government business order of the day no. 5 (Land Transport Infrastructure Amendment Bill 2014) not be proceeded with.
Question agreed to.

**BILLS**

**Asset Recycling Fund Bill 2014**

**Asset Recycling Fund (Consequential Amendments) Bill 2014**

**Consideration of House of Representatives Message**

Messages received from the House of Representatives returning the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014 informing the Senate that the House has: (a) in respect of the Asset Recycling Fund Bill 2014, agreed to amendments Nos 3, 4, 7 to 11, 14, 17, 18, 22, 24 to 26, 29, 30, 35, 38 and 39 made by the Senate, disagreed to amendments Nos 1, 2, 5, 6, 12, 13, 15, 16, 19 to 21, 23, 27, 28, 31 to 34, 36 and 37; and (b) in respect of the Asset Recycling Fund (Consequential Amendments) Bill 2014, disagreed to the amendments made by the Senate, and requesting the reconsideration of those amendments disagreed to.

Order that the messages be considered in Committee of the Whole immediately.

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (12:38): I move:

That the committee does not insist on its amendments to which the House of Representatives has disagreed.

These two bills are an essential part of the government's plank of building the infrastructure of the 21st century. This is a plank which will allow us to develop literally tens of thousands of jobs over the next few years. This is the payment by the Commonwealth, in rough terms, of about $5,000 million, from which we ought to be able to leverage, courtesy of the states, about $33,000 million to develop the infrastructure to get the productivity enhancement projects that this country so desperately needs.

Can I remind honourable senators that this bill in fact also allows the states to lease their assets, as opposed to a direct sale. We believe that it is important to have a fund such as this that can operate without the sorts of impediments that were imposed by the Senate's amendments. We believe that genuine productivity-enhancing investments are what this country needs, as opposed to the sorts of pink batts and school halls that we had in the past.

In summing up, can I also indicate to the Senate that we would invite, especially senators opposite, to heed the words of their shadow spokesman Mr Marles, on 18 June 2014, when asked about this particular legislation:

How could Labor stand in the way of billions, tens of billions, being spent on productive infrastructure? Mr Marles's answer was:

… if the amendments don't get up, we've said we're not going to stand in the way of this bill.

We would invite Labor to consider those wise words of Mr Marles. I am aware of the time constraints on the Senate. I will therefore leave my remarks at that, other than to say this is a vital part of the government's plan to get the country's economy back on track. I would urge honourable senators to reconsider their position in relation to the amendments which the House has not agreed to.
Senator CAMERON (New South Wales) (12:41): Labor will be insisting on all of our amendments. This goes to the proposition that the coalition argued consistently throughout their period in opposition that there has to be a proper cost-benefit analysis undertaken if we are spending billions of dollars of public money. They argued that position in opposition and we are accepting that proposition now. That proposition cannot be achieved with the proposal that has come back from the other place. There have to be checks and balances on what state governments are doing. There has to be proper analysis of and accountability for federal government money that is spent on any of these projects.

I would just go back to the WestConnex project in New South Wales—the road to nowhere, the road that will create more problems, the road that was simply a political promise by the coalition, and a political promise by the state government, without any cost-benefit analysis, without any analysis of what is happening in relation to roads elsewhere. I will just finish of this. I will not say a lot, because we have had this debate. The Senate takes the view that there has to be accountability on these issues, accountability on state governments and accountability on the money we spend. There has to be a cost-benefit analysis so that the projects are in the national interest, not in the political interests of a particular party. The national interest is what is important here. So I take the view and I would hope that my friends the Greens, my friends in PUP and the crossbench senators take the view that accountability is the key issue, that projects in the national interest are the key issue and that we should stand by the position that we adopted, because our position is in the national interest, not in the interests of any individual political party.

Senator LUDLAM (Western Australia) (12:44): I do not want to go back and recanvass the arguments that were held last night. It was a respectful debate around forced privatisation or effectively bribing state governments to privatise state assets in exchange for Commonwealth funds. The debate was had and the Senate, I think, is upholding its role as the house of review. So we will very strongly be insisting on the amendments that we moved with the Labor Party last night.

The CHAIRMAN: The question is that the motion moved by Senator Abetz that the committee not insist on its amendments be agreed to.

The committee divided. [12:49]

(The Chairman—Senator Marshall)

Ayes ....................29
Noes ....................34
Majority..............5

AYES
Abetz, E
Bernardi, C
Bushby, DC
Cash, MC
Day, R.J.
Fawcett, DJ (teller)
Fifield, MP
Leyonhjelm, DE
Mason, B

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Edwards, S
Fierravanti-Wells, C
Johnston, D
Macdonald, ID
McGrath, J
AYES

McKenzie, B
O'Sullivan, B
Payne, MA
Ruston, A
Simodinos, A
Williams, JR

Nash, F
Parry, S
Reynolds, L
Ryan, SM
Smith, D

NOES

Bilyk, CL (teller)
Bullock, J.W.
Cameron, DN
Collins, JMA
Di Natale, R
Gallacher, AM
Ketter, CR
Lazarus, GP
Ludlam, S
Marshall, GM
McLucas, J
Moore, CM
O'Neil, DM
Polley, H
Rice, J
Singh, LM
Wang, Z
Whish-Wilson, PS

Bullock, J.W.
Carr, KJ
Dastyari, S
Faulkner, J
Hanson-Young, SC
Lambie, J
Lines, S
Landy, KA
McEwen, A
Muir, R
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Wright, PL

Question negatived.
Resolution reported; report adopted.

Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]
Consideration of House of Representatives Message

Message received from the House of Representatives returning the Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2] informing the Senate that the House has disagreed to the amendments made by the Senate, and requesting the reconsideration of those amendments disagreed to.

Ordered that the message be considered in Committee of the Whole immediately.

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (12:51): I move:

That the committee does not insist on its amendments to which the House of Representatives has disagreed.

The issue before the committee is the repeal of the Minerals Resource Rent Tax. We went to the last election with a firm promise to repeal that tax, destructive and corrosive as it was for our minerals and resources sector. It is a tax that is pay by about 20 companies, but 125 companies have to report against the tax, despite the fact that they make no contribution.
When this tax was first mooted by the previous government, it was going to raise, according to them, thousands of millions of dollars. We now know that not to be the case. In fact, we are lucky if it raises about $300 million. But against that paltry amount of money raised, the previous government hypothecated expenditures over the forward estimates of some $17,000 million. Now the Senate in its amendments has basically determined that, yes, we will get rid of the tax, which only raised a measly $300 million, but we still want all of the expenditures of some $17,000 million over the forward estimates. I say to the Senate that we cannot have it both ways, and as a government we will not have it both ways.

One of our important election commitments to the Australian people was that we would seek to get the budget back into a sustainable position. To say on the one hand that we will vote down a tax, but to then say we want all of the expenditure and $16,700 million more of expenditure simply does not add up. What is more, we went to the Australia people at the last election saying, 'We want to remove the mining tax and in so doing we will also remove all the expenditures the previous government had hypothecated against that income.' So we took the public odium for saying, 'Sorry, but we do need to abolish the schoolkids bonus; sorry, we do need to abolish the income support bonus,' and so on with about six expenditure measures. So we were up-front, we told the Australian people. Nevertheless, they voted for us because they accepted that there was a challenge to balance the books.

It would be nice to live in a world of magic pudding where we did not have to raise any taxes but could expend a lot of money and spread largesse to the Australia population. But when you are in government you have to try to make things balance up. So my plea to the Senate today is that we accept that it was a very firm election commitment that we would remove the tax together with the expenditures that were predicated or hypothecated on that particular legislation. I also plead, at a time when our resources sector is heading south in relation to production, costs and jobs, that removing this impost will be a much-needed fillip for our resources sector. I will also indicate that the very next payment under the mineral resources tax will be due on 21 July, next week, and that is why we believe it is important for this matter to be dealt with today.

Senator MOORE (Queensland) (12:57): The Labor Party will be insisting on the amendments that were the result of extensive debate in this chamber last night. Many senators had the chance to contribute to the debate. There were close votes on some of the amendments; some of them got up and some did not; the ones that did get up we will be insisting on. We believe that the payments that were being requested to be removed are important for the people who are most vulnerable in our community. We believe that the Senate had the opportunity to have that debate. The Senate made its decisions. We had the vote. We are insisting on the amendments.

Senator MILNE (Tasmania—Leader of the Australian Greens) (12:58): The Greens will be insisting that the amendments stand. I want to point out the complete hypocrisy of the contribution from the Leader of the Government in the Senate, Senator Abetz. He went to great length to say that if the tax is removed then everything that was hypothecated against that income should go as well—except that was not the story with removing the carbon price. In that very debate and vote that we had just a few hours earlier, the government sought to remove the impost from the big polluters but keep the compensation package and pay for it out of the pockets of Australians in cost shifting. Did they say they were going to lower the
tax-free threshold from $19,000 back to $6,000? That would have been the logical thing to do if this was going to be a logical way of dealing with things. They would have said, 'Yes, we are getting rid of the carbon price and we are removing the compensation package to households and we are going to bring down the tax-free threshold.' That would have suddenly got people's attention as to what was going on here, if they had made people aware of the extent of the compensation that would be provided, particularly as it was weighted to low-income households. But, no—you went with the ideologically obsessive line of getting rid of carbon pricing and allowing the big polluters to keep their money, and saying to the Australian community, 'You can keep the tax-free threshold, but we are going to take the money to pay for it out of your wallets when you go to the doctor. We are going to take it out of the wallets of students and their families when they pay back their university loans. We are going to take it out of the pockets of unemployed people. That's what we are going to do.'

There was some fancy footwork going on in terms of cost shifting. So let's forget the twaddle that the government is running now about the budget emergency.

I would like to put an offer on the table. I hope the Senate will insist on these amendments, because it will mean that the low-income superannuation contribution will stay. That is long-term sensible planning—to plan for women and the disadvantaged in Australia to have an income towards retirement. Now that the mining tax will stay, I say to Mr Hockey that we are prepared to fix it up so that it brings the billions into the economy that it should be bringing. We are prepared to help with the revenue stream here, Leader of the Government in the Senate; we will help you. We will increase the mining tax to 40 per cent across the board. We will bring in the other minerals. We will end your lurk that has been going on with the depreciation provisions and change it back to book value. That way we can bring in the money to pay for the low-income superannuation contribution. Why would we not do that? Then the right people will be paying—the Glencores of this world, who made $15 billion over the last few years and did not pay one cent in tax. Why? Because they were into tax evasion. One of the people who wrote the mining tax was Xstrata—now Glencore. They have been involved in tax invasion. Let's get together and fix that up. Let's make the mining tax do what it was meant to do. Let's set up a sovereign wealth fund so that, into the future, we can make the transition in the economy. We have now got a whole new opportunity, Leader of the Government, to work together to get the revenue that Mr Hockey says he wants. And I can tell you: the Greens stand here ready to assist.

I call on the Senate to stick with the amendments. We need to keep the low-income superannuation concession. The Greens are ready to assist by fixing up the mining tax because, as the government said this week, it is a matter of choice where you get your revenue stream—a matter of choice. You are choosing to not require the big miners and the big polluters to contribute. You are seeking your revenue stream out of the pockets of the most vulnerable in Australia: the poor, the sick and the unemployed. That is your choice; it is not our choice. Our choice is to take the money from the people who can afford it—the people who are using the resources that belong to the Australian people—to secure a decent return for the people, for the long term. I would have thought that that is more than reasonable. That is our choice. If you choose to let the big miners and the big polluters off the hook, do not expect other people to make a choice that says, 'Let the richest off, let the most profitable off, let the tax evaders off and take the money out of the pockets of the poor.' We are not into that kind of values choice.
**Senator IAN MACDONALD** (Queensland) (13:03): I discussed this at some length last night, so I will not delay the Senate very long, except to point out again the hypocrisy of the Greens political party. There is Senator Milne, again railing against Xstrata and Rio and BHP. Yet it was the Greens political party that supported Mr Swan in his negotiations with those three miners. A couple of years ago they were fine, because they helped Ms Gillard retain the prime ministership—and the Greens political party came in right behind them. Last night, and again now, we have had to sit in the Senate and listen to these entirely contradictory and hypocritical speeches by the Greens political party over the people they supported two years ago.

I say to Senator Milne: a couple of weeks ago in a debate, I called for some support from this chamber to ask BHP and Rio and Glencore and Woolworths and WesFarmers and Coles and the sugar company up my way to be included in the government's proposal to pay off Labor's $600 billion debt. Did I get any support from Senator Milne or the Green political party at all? Not one murmur. And yet here was an opportunity, Senator Milne. If you believed in what you were talking about, you would have said, 'Yes, I agree with Senator Macdonald. Let's have a debt levy on—

**Senator Whish-Wilson:** Mr Chairman, I rise on a point of order. Could I ask you to direct Senator Macdonald to make his comments through the chair rather than directly at Senator Milne?

**The CHAIRMAN:** We are in committee, so there is some general tolerance given, but, in order to be precise, Senator Macdonald, could you refer your comments through the chair.

**Senator IAN MACDONALD:** Thank you very much, Mr Chairman. I shall do that. You can tell the Greens' modus operandi. When the truth comes out that they do not really like, they will take that most banal objection to me continuing to speak. It is typical of the Greens political party, who will stop free speech. They talk about free speech everywhere else, but, when it comes to the chamber, if you do not happen to agree with the Greens political party, then they try to cut off the speech.

The hypocrisy of the Greens political party is so well known that I do not need to go on about that much further. I am looking around the chamber to see which other Queensland senators are here. I see Senator Moore, Senator Lazarus, Senator Waters and Senator Ketter. I just wonder if any of them have given any thought to what this tax means to the industries in Queensland which employ so many of my fellow Queenslanders, who, I might add, are members of the CFMEU, the AWU and several other unions. Just understand what this tax does to the jobs of those workers.

I am aware that in Queensland the coal mining industry is in a bit of a downturn, thanks to Labor and the Greens with the carbon tax and the mining tax. Fortunately, we have got rid of the carbon tax, but the mining tax prohibits or discourages investment in the coal industry, which is so important to my state of Queensland—not only the existing coal mining industry but, I might say, there are a few other coallmining projects on the board. I attended the official opening of one down in the Galilee Basin. I think it was Adani and GVK. I am aware that there is another project down there. I think it is being proposed by a company called Mineralogy, or an associated company of Mineralogy. Both of those projects will need massive investment from foreign sources, but foreign sources say, 'We know with Labor and the Greens that there is a sovereign risk factor and there could well be retrospective
legislation, as has happened in the past with Labor and the Greens.' So what will those international investors say? They will say, 'Australia isn't the only place with coal.' In fact, Australia only runs third or fourth in the known coal reserve. They will say, 'Why don't we go to South Africa? Why don't we go to South America? Why don't we invest our money in places which'—regrettably, under Labor—'have a better sovereign risk record than Australia?' It disturbs me. I am humiliated to have to say that about my country, but, with Labor and the Greens in charge, anything can happen.

_Honourable senators interjecting—_

**The CHAIRMAN:** Order!

**Senator IAN MACDONALD:** Let them go, Mr Chairman. It just demonstrates—

**The CHAIRMAN:** No. I want everyone to work within the standing orders. Thank you.

**Senator IAN MACDONALD:** That would be a first for the Greens political party, because I think hypocrisy is against standing orders. I again raise those issues. How many mining towns—my fellow Queensland senators have been to some of them—are prosperous? How many of them are booming ahead? How many have 'for lease' signs in the shops in the community? How many workers do we know who are now looking for a job? How many substantial proponents—like Mineralogy, that I mentioned, and GVK-Adani—have spent so much to develop this asset which Australia has which will provide jobs and wealth for Australians? What is going to be the future for them? I only mention those in coalmining; take it as far as you like. Mount Isa, a town that I visit regularly, is struggling. Why? Because the investment is just not coming through. This is something that I hope all senators, particularly my colleagues from Queensland, will think about.

I cannot believe that Australian Labor Party senators, who are supported by the CFMEU and the AWU and every other union in those mining towns, do not understand. I would proffer a guess—without the facts, but I know that this is pretty true—that a lot of the miners nowadays do not bother to join the union. Why? Because they see how the union treated them with the carbon tax and the mining tax. But to those few who are still represented by the CFMEU and the AWU: please understand the impact of this tax on investment in mines in Queensland which does have an impact on jobs and the wealth of our state and, indeed, our nation. I would certainly hope that any senators who understand the mining industry and any senators who might have associates in the other house who understand the mining industry will appreciate how important it is that this bill is passed.

Senator Milne said that we did not talk about getting rid of the $16 billion worth of promises that went with the mining tax. It was made very clear time and time again by the Liberal Party—and, I might say, the Labor Party attacking us—that if we got rid of the carbon tax then those other things would go too, because you just cannot spend $16 billion and hope that the money will float out of the sky. If you are in the Greens' fairyland you might think that is how it works, but anyone with any understanding of business will know that, much as we would love to spend $16 billion on giving money to everyone, we cannot do it. I ask senators: would you do it in your own home? Would you keep giving away money? To do it you have to go and borrow it, and if you borrow it then some day you have to repay it, and until you repay it you pay interest. Thanks to Labor, we are paying something like a million
dollars a day in interest to overseas lenders. Imagine what we could do for hospitals and schools with $1 million a day if we were not paying it in interest.

This is very important. Nobody is being taken by surprise. You can ignore the fairyland economists in the Greens political party, but I had hoped that the Labor Party would at least have some understanding of the fact that you just cannot keep borrowing money. It is very important and I would be very, very disappointed if any of my Queensland Senate colleagues would continue to destroy the industries that have made our state so great by insisting on the amendments to this bill. I urge the Senate to support the motion of Senator Abetz.

Senator DAY (South Australia) (13:13): There is an old saying that you can get anything you want if you help someone else get what they want. The government wants to repeal the mining tax. Family First wants to retain payments to low- and middle-income families. Unlike many others in this place, I do not support the mining tax. But I also do not support the notion: 'This tax pays for that expenditure and this tax pays for that expenditure,' and so on. The Americans have a saying, 'That ain't no way to run a railroad!'

The budget is $400 billion or thereabouts, and the low- and middle-income payments and superannuation contribution represent less than one per cent of the budget. I have looked down through the list of the $400 billion in the budget, and there are lots and lots of savings that can be made without isolating things like the low-income superannuation contribution.

We can have both. We can repeal the mining tax and we can continue to support low- and middle-income families.

Senator WHISH-WILSON (Tasmania) (13:15): I wanted to point out to Senator Macdonald, who talked about Green economists in fairyland, that the architect of this tax that we are now debating today was Dr Ken Henry, who many in this chamber have worked with over the years and who is considered to have been on of the best heads of Treasury in this country through what are considered the glory years of the Howard government. I just wanted to put that point on record.

What is also worth pointing out—and I am not going to go over it in much detail—and something I read out last night is the latest ranking of Australia on sovereign risk in mining investment from an international consultancy. It ranks Australia second out of 25 countries for mineral investment—

Senator Ian Macdonald: Who is this, the WWF?

Senator WHISH-WILSON: No, this is not the WWF. This is a professional agency that ranks risk in mining investment. They listed 10 key points that they rank countries on for risk in mining investment, and it did include the tax regime as No. 10. Australia still ranked still ranked No. 2 out of 25, including on tax, only marginally behind Canada, and we improved our rating in the last 12 months. So cut the claptrap—the mining the truth debate that you have done in here for three years—and accept that the mining tax has hardly had any impact at all on the mining industry, because they have paid very little tax. This tax was structured by one of the most successful heads of Treasury in our country over a number of years. He has called for conviction for political reform, and you are too weak spined, bending over backwards for the big end of town, to actually fix this tax.

Government senators interjecting—

The CHAIRMAN: I ask you to address your remarks through the chair.
Senator WHISH-WILSON: I withdraw my remarks.

The CHAIRMAN: I didn't ask you to withdraw them; I said make them through the chair.

Senator WHISH-WILSON: Sorry. Through you, Chair.

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (13:17): If there are not any other contributions, I will quickly deal with a few issues in reverse order. In relation to Senator Wish-Wilson's commentary about Dr Ken Henry, I simply remind him that Dr Ken Henry and all Treasury officials were deliberately excluded from the negotiations of the mining tax when Ms Gillard and Mr Swan thought they had the cerebral capacity to overcome the negotiators from the mining companies. It was then your party that forced that through the Senate with all its faults. I am sure Dr Ken Henry would not want to have the existing mining tax vis-à-vis the architect of it.

To Senator Day: you might be right that what we are talking about is about one per cent of the budget, but do you know what happens in government? A hundred people come up to you and say, 'This is only one per cent of the budget; surely you can find the money here.' And then somebody else: 'Oh, it's only one per cent of the budget.' Do that 100 times and your budget is gone. So I say to Senator Day and other crossbenchers that every one per cent of the budget ultimately does add up; and, if you get 100 such requests, the whole lot is out the door. What we said in relation to the mining tax—and I accept Senator Day's comments that in general terms you would not necessarily say that this tax pays for this expenditure, because it all goes into a central pot and then gets redistributed—in coming up with your budget and a framework that ultimately adds up on the bottom line, you do have to make some decisions that we will forgo this revenue and, as a result, forgo this expenditure.

That is what we did with the Australian people. The low-income superannuation contribution was a great policy at the time. It was a Howard government initiative. I was a part of the ministry at the time. It was a great thing. The problem is that our economy has been wrecked and we are now borrowing $1 billion a month just to pay the interest bills on the existing loans. We cannot keep going with all the funding. Is it a question of priorities? Yes, it is. We went to the Australia people with that as one of our priorities.

Turning to Senator Milne's contribution, she who asserts that we as a government should be honouring all our election promises sits in here, day after day, seeking to ensure that we cannot keep our election promises. With the carbon tax, we said very openly to the Australian people: 'We will remove the carbon tax but maintain the compensation payments.' We were very clear. As I said in relation to Senator Day's contribution, you have to add these things up, subtract and come to a bottom line. On the carbon tax, we said that, 'Chances are the lower paid people in the community, such as welfare recipients and pensioners, should still get the benefit of the compensation, even after the carbon tax is removed.' In other words, they should enjoy a real increase in the value of the pension. That is something that those opposite, in particular, never want to talk about when we talk about adjusting the CPI arrangements. We went to the electorate promising that we would keep the compensation if the carbon tax was removed. Similarly, we said that if the mining tax was removed the payments could not be maintained.
In relation to a 40 per cent mining tax, if only we had thought of increasing taxes to make everything work! I say to Senator Milne and those opposite: 'It is like an elastic band: if you pull it too far it will break.' There are coal reserves all around the world. There are iron ore reserves all around the world. For our sector to remain competitive there has to be a competitive taxation regime. We know that it is now no longer as viable to invest in new coal mines and new iron ore mines in this country because of the sovereign risk issues associated with a mining tax. At the end of the day, if you want to raise a tax from iron ore and from coal you have to have a market on the international stage. If you price it with huge taxes, so it becomes uncompetitive, the whole base of the industry collapses. That is why you have to have a moderate approach to ensure that you get the taxation regime so finely tuned that the Australian people can extract the maximum benefit whilst the companies can still remain viable on the world market. That is what we have sought to do in relation to the mining tax.

Finally, as far as the government is concerned a vote to insist on the Senate amendments is a vote and will be a vote to keep the mining tax. The people of Australia will be watching very closely as to what we senators do.

The CHAIRMAN: The question is that the motion moved by Senator Abetz that the committee not insist on the amendments disagreed to by the House be agreed to.

The committee divided. [13.28]

(The Chairman—Senator Marshall)

Ayes ...................... 29
Noes ...................... 37
Majority .............. 8

AYES

Abetz, E
Bernardi, C
Bushby, DC (teller)
Cash, MC
Edwards, S
Fierravanti-Wells, C
Johnston, D
Macdonald, ID
McGrath, J
Nash, F
Parry, S
Reynolds, L
Ryan, SM
Sinodinos, A
Williams, JR

Back, CJ
Birmingham, SJ
Canavan, M.J.
Colbeck, R
Fawcett, DJ
Fifield, MP
Leyonhjelm, DE
Mason, B
McKenzie, B
O'Sullivan, B
Payne, MA
Ruston, A
Seselja, Z
Smith, D

NOES

Bilyk, CL
Cameron, DN
Dastyari, S
Di Natale, R
Gallacher, AM
Ketter, CR
Lazarus, GP

Bullock, J.W.
Carr, KJ
Day, R.J.
Faulkner, J
Hanson-Young, SC
Lambie, J
Lines, S
Question negatived.
Resolution reported; report adopted.

BUSINESS

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (13:31): by leave—I move:

That business of the Senate notice of motion standing in the name of Senator Hanson-Young proposing the disallowance of the Migration Amendment (2014 Measures No.1) Regulation 2014 be called on immediately and considered for not more than 60 minutes, at which time the question on the motion shall be put.

Question agreed to.

REGULATIONS AND DETERMINATIONS

Migration Amendment (2014 Measures No. 1) Regulation 2014

Disallowance

Senator HANSON-YOUNG (South Australia) (13:32): I move:

That the Migration Amendment (2014 Measures No. 1) Regulation 2014, as contained in Select Legislative Instrument 2014 No. 32 and made under the Migration Act 1958, be disallowed.

The Migration Amendment (2014 Measures No. 1) Regulation 2014 includes a number of elements. It is primarily about punishing vulnerable children who have arrived in Australia on their own, some orphaned, without families, and others who have had to leave their family in escaping war, torture and persecution. Those children who are now already in Australia—who have been found to be genuine refugees, who we have acknowledged, after proper assessment, need and deserve Australia’s protection—are being punished through this regulation by the government in removing the special criterion which applied to them in being
able to be reunited with their families. The regulation applies to children who, as I have said, are already here.

The government will argue that this is about a deterrence measure. It would only be a deterrence measure if indeed we were talking about children who had not already arrived; whereas we know that, under this government's policy, anybody who arrives here in Australia will be shipped off to Manus Island or Nauru, never to be resettled in Australia.

This regulation applies only to people who are already in Australia, have already been found to be genuine refugees and are now members of the Australian community. This is a spiteful and punitive move by the government to simply be cruel for cruelty's sake. It does not act as a deterrent—all it does is strip away any avenue for refugee children to be reunited with any family who may remain.

At this point I want to explain to the chamber the consequences if this regulation were not to be disallowed and were able to continue. There is a young unaccompanied boy named Hatif who lives in Melbourne. I met him a couple of years ago. Hatif—an incredibly bright, incredibly intelligent young guy—is a Hazara from Afghanistan. His father was an interpreter for the Australian armed forces in Afghanistan. Hatif's father was enlisted because of his interpreting skills and abilities, and he worked alongside Australian armed forces officers and other members of the coalition forces. Hatif's father's contribution to the coalition forces in Afghanistan made him a target of the Taliban regime. A number of years ago, when Hatif's father returned from Kabul to their village, the Taliban tracked him down and killed him, as a consequence of the support he was giving to the Australian armed forces. The Taliban left a note on his chest when they killed him—it said that the young boy was next. And that young boy, of course, was Hatif.

The reason Hatif was targeted is that he used to travel with his father from the village to Kabul and around Afghanistan. His English, too, was very good—his dad had obviously taught him how to speak English, and he was very fluent. The Taliban was sending a very clear message to Hatif and his family: 'We have killed the husband and father, and if this young boy enlists in helping the coalition forces, he will be next.' Hatif's mother did what any mother would do in that circumstance, and got her son away from that situation. After having to deal with the murder and death of his father, Hatif left Afghanistan. He fled across the border and lived in Pakistan for a little while. But it is not safe for Hazaras on the Afghan-Pakistan border, as the Taliban make regular attacks on the Hazara community there. Hatif managed to find a way out of Pakistan, and then found himself on a leaky boat to Australia. He was 14 years old—all on his own. His father had died at the hands of the Taliban because of the contribution he had made to the war in Afghanistan and in working alongside Australian defence men and women. Hatif is now in Australia. He has been given his refugee status—he has been found to be in genuine need of protection. He is a smart kid who is studying specialist maths and wants to be an engineering student when he gets to university. And he wants to be able to call Australia home.

Hatif's mother is still hiding in Afghanistan, along with his two younger siblings. Under this regulation, Hatif will never be reunited with his mother and sisters. He will never be given the opportunity to live safely with them here in Australia, despite the fact that we know that he is a refugee, and despite the fact that we know that his father died at the hands of the Taliban—that he sacrificed his life because of the contribution he made working alongside...
and supporting Australian defence officers. This regulation makes it near impossible for Hatif ever to be reunited with his mother and siblings, and that is why this regulation is wrong. It is spiteful. It is cruel. It does not act as a deterrent. What it does do is condemn young people like Hatif, who are here without their families—

Senator Bernardi interjecting—

Senator Cash interjecting—

The ACTING DEPUTY PRESIDENT (Senator Sterle): Order!

Senator HANSON-YOUNG: Hatif will never be reunited with his mother and his siblings if this regulation is to continue. And there are many stories like this out there. Those children who have come to Australia, who are already here and have been found to be genuine refugees, are, of course, already incredibly vulnerable, and this government is so callous that it wants a regulation to never allow these children to be reunited with their families.

Senator Bernardi interjecting—

The ACTING DEPUTY PRESIDENT: Senator Bernardi! Order!

Senator Siewert: Mr Acting Deputy President, I rise on a point of order. Senator Bernardi is talking at a level which you, Chair, probably cannot hear, but which we at this end of the chamber certainly can, and he knows what he is doing. Could you please ask him to remain quiet while Senator Hanson-Youn makes her contribution.

The ACTING DEPUTY PRESIDENT: Senator Bernardi, on a point of order?

Senator Bernardi: I do accept that I was talking—I was talking about the children who drowned at sea, thanks to Sarah Hanson-Young's policies and those of the former government.

The ACTING DEPUTY PRESIDENT: Senator Bernardi, that is not a point of order, and I would ask that you respect when senators are on their feet and listen quietly.

Senator HANSON-YOUNG: I find it incredible that this government is so obsessed with the idea of punishing already-vulnerable, desperate people even further—to the point where we have members of the coalition wanting to make frivolous and insulting comments in this place rather than debate the issue at hand. I will leave it there and I will continue on with the rest of the regulations.

Senator Bernardi: Mr Acting Deputy President, I rise on a point of order. Senator Hanson-Young has suggested that children drowning at sea due to her policies is somehow frivolous and pointless. This is not an episode of Sea Patrol. You should say that to Senator Hanson-Young. She is a disgrace, and she is accepting no responsibility—

The ACTING DEPUTY PRESIDENT: Senator Bernardi: firstly, there is no point of order; it is a debating topic. But I think you should withdraw that, Senator Bernardi. I ask you to withdraw that.

Senator Bernardi: The Sea Patrol thing?

The ACTING DEPUTY PRESIDENT: Senator Bernardi, let us not play games at this late hour on a Friday. You know what I am asking you to do.

Senator Bernardi: I am not playing games. What would you like me to withdraw?
The ACTING DEPUTY PRESIDENT: You know: that derogatory comment that you threw at Senator Hanson-Young. I would ask you to withdraw it.

Senator Bernardi: That she was a disgrace? I withdraw that Senator Hanson-Young is a disgrace—

The ACTING DEPUTY PRESIDENT: Thank you.

Senator Bernardi: but the inferences she paid to me—

The ACTING DEPUTY PRESIDENT: Senator Bernardi!

Senator Bernardi: were terrible.

The ACTING DEPUTY PRESIDENT: Thank you, Senator Bernardi. Senator Hanson-Young, you have the call.

Senator HANSON-YOUNG: Thank you, Mr Acting Deputy President. As I said, this regulation does a number of things. One, of course, is in relation to the unaccompanied children—refugees—who are here, who will be stopped from ever being reunited with their families. I must say: Senator Cory Bernardi spends an awful lot of time talking about 'family values', but you would have to wonder what kind of family values the senator is considering in order to support a regulation that permanently keeps families separated and split. Hatif is a child who is here as a refugee, who has had to flee from torture and persecution at the hands of the Taliban, because of the work that his father did in working alongside Australian defence personnel. You have got to wonder what kind of family values Cory Bernardi really aspires to.

There are, of course, other elements in relation to this regulation, and one which I think is worth mentioning is—

Senator Bushby: I rise on a point of order. I ask that senators be referred to by their correct title in this place.

The ACTING DEPUTY PRESIDENT (Senator Sterle): Senator Hanson-Young, I remind you of the title that you will use when addressing other senators.

Senator HANSON-YOUNG: I will take that on board, Mr Acting Deputy President. One of the other elements of this regulation is reducing the English language criterion for those coming to work in Australia on 457 visas. It is extremely concerning to see this government wanting to make it easier for big companies to exploit workers on 457 visas by not even requiring them to have a high enough English proficiency. We know what happens when temporary skilled workers come into this country in big groups. If you cannot speak English and you do not know what the rules are when you are asked to sign particular work contracts, then you are open to discrimination and exploitation. While it is a very separate matter to the issue of unaccompanied minors, it is one that is important for this chamber to consider. We do not want to see workers coming to Australia on 457 visas only to be exploited because they cannot understand what it is that they are being asked to do by their employers. We do not want to see these workers used and exploited at the expense not just of their own dignity and their own rights as employees but also at the expense of other workers who may have been able to fill those positions and stand up for their rights at work and their entitlement to be treated properly within the workplace.
I know people are keen to get out of this place so I am not intending to drag this debate out anymore, but I just want to reflect on this government's general attitude in this place if they cannot get something through in legislation. We have seen it today. We saw the government's mining tax repeal voted down in this place today. They will not get it through. They cannot have their triumphant first two weeks of the new parliament. I am sure those champagne bottles that were put on ice are now going to have to stay there until the Prime Minister can work out what he is going to do next. What the government will do next is bring regulation after regulation into this place. This is becoming a theme of this government. They cannot get something through in legislation, they cannot convince the chamber that their laws are good enough and they do not want to negotiate on amendments, so they are putting whatever they can through in regulation. I suspect that here in this place we will have many more debates about disallowances because it is the only way the Senate can then discuss a number of these issues and consider them in any type of detail.

If there are things in this regulation that the government believes are necessary, I would urge it to put them into proper legislative form and let us have a proper debate. Let us have a proper discussion and discuss amendments, send them to a committee and have them inquired into. The government has put all these things in the one regulation and it expects the Senate just to tick it on through. We are not interested in that. We are interested in looking at laws properly and in detail and in making sure that what passes this place is going to put Australia in a better place and on track for a better future than would be the case if we simply turned a blind eye to the nasty pieces of regulation that this government wants to sneak through.

I am grateful that we have been able to discuss the disallowance motion here today precisely because there are some important things in this regulation that should not be done in Australia's name. We should not be punishing children who have come here as refugees by preventing them from ever being reunited with their families. It is callous. It is wrong. To suggest and argue that this is about deterrence is just false. It is a lie. This is not about deterrence, because these people are already here. These are children who are already here. They have visas. They are refugees, and they are children who are on their own.

The crazy thing about all of this is that the person who is currently their legal guardian is the immigration minister himself and he is now stopping those children from being able to be reunited with family, if they have any living family left. It is an appalling abuse of his role as the minister and their legal guardian. It should not be being done in Australia's name. We should be looking after these children. They deserve our protection. If they are lucky enough not to be orphans, if they still have a mother, sister or aunt who can help care for them, we should be doing what we can to ensure that those family members do not have to engage a people smuggler and get on a boat to get here.

The crazy thing about this regulation is that it is going to force more families, if they want to be reunited, to come through irregular means. The whole idea of having a proper family reunion process is to give people a safe way to get here. You have to wonder if the people smugglers are rubbing their hands together at the idea of this regulation not being disallowed, because it actually creates a reason why you would have to come on a boat in the first place. How else will you get here to be reunited with your family? We know that families will do desperate things to be together and look after each other. Let's not put them in that situation. If children who are already here as refugees have a living family member, let's help them be
reunited. Let's be humane. Let's show a little compassion. Let's show a little more common sense and concern for basic dignity and humanity. I commend the disallowance motion to the Senate.

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women): I, too, rise to contribute to the debate on the disallowance motion. The first thing I would say to the Senate is that it is always very dangerous when a senator comes into this chamber and gives a speech which is based purely on sentiment and not fact and, even more than that, gives a speech which clearly indicates that the particular senator has not read the explanatory statement to the regulation.

I would just make the following points before turning to the actual disallowance motion. Despite the statements made by Senator Hanson-Young, the regulation does not in any way strip away family reunions for unaccompanied minors under the Special Humanitarian Program. It does not do that. It merely ensures that there is consistency in the way that family reunion under the Special Humanitarian Program is looked at. It puts unaccompanied minors under the same rules as other IMAs who may or may not be given access to a family reunion. I just want to make that very clear to the Senate. The statement that has been put forward by Senator Hanson-Young is completely, totally and utterly factually incorrect. As I said, it is very dangerous when you come into this place when you have not bothered to read the explanatory statement and you give a speech to the Senate that is based purely on sentiment and not fact. This government has to deal in facts.

I would also remind the Senate, following Senator Hanson-Young's speech to the chamber, that this government has granted more than 500 permanent protection visas to Afghan locally engaged employees.

In relation to the regulation that the Australian Greens seek to disallow, the Senate needs to understand that there are very serious issues at stake here. Why did the government bring in this regulation? The regulation that is sought to be disallowed today contains a number of measures that are required to strengthen and improve immigration policy in Australia. Let us not forget the record of the previous government: 50,000 illegal maritime arrivals; in excess of 1,200 people who died at sea; and, of course, the cost to the Australian taxpayer of a budget blow-out of almost $12 billion.

There are five separate schedules that are sought to be disallowed by the disallowance motion. I will take the Senate through each of the schedules and why the government has brought in the regulations. In relation to schedule 1 that is sought to be disallowed, public interest criterion 4020 was introduced in 2011 to strengthen the integrity of Australia's immigration program by detecting and preventing visa fraud. I do not believe that anyone in this chamber supports visa fraud—or at least I would hope they do not. Public interest criterion 4020 provides grounds to refuse the grant of a visa where there is evidence that (a) documents provided by a visa applicant are bogus and (b) statements or claims made by an applicant include false or misleading information that is material to a visa.

The first measure requires all visa applicants for skilled, student, temporary and family visas to satisfy the minister as to their identity or they cannot be granted a visa. Again, I would have thought that was just ensuring the integrity of the program. A person has to satisfy the minister as to their identity before a visa can be granted. This measure is necessary
to prevent identity fraud and arises from the government's commitment to strengthen the integrity of Australia's migration program. The accurate identification of noncitizens underpins the integrity of Australia's migration program. All elements of granting a visa, including national security and character checks, rely on accurate identification of a noncitizen who applies for a visa to enter Australia. Failure to correctly identify noncitizens can of course have far-reaching consequences for government. For instance, incorrect identification can be the basis for certain noncitizens receiving other government benefits, such as Medicare or Centrelink, to which they have no entitlement. Disallowing this measure, as Senator Hanson-Young wants to do, would undermine the integrity of Australia's migration program by allowing non-genuine applicants to use fraudulent identities to obtain visas to which they are not entitled.

In relation to schedule 2—the schedule Senator Hanson-Young appears to have alluded to in her speech and, in particular, has given one-off examples and dealt with this on the basis of sentiment as opposed to fact—this measure actually aims to safeguard the lives of young people by removing the previous arrangements of providing a concession to visa applicants proposed by minors. The concession, despite Senator Hanson-Young's arguments, had previously served as an incentive for minors to come to Australia as illegal maritime arrivals. This government does not want to see any more people—men, women, children, unaccompanied minors—dying at sea. So, yes, we will put in place measures that ensure that we do not have pull factors that encourage unaccompanied minors to get on a boat, risk their life and end up being one of the 1,200 who are confirmed to have drowned at sea because of the policies that Senator Hanson-Young supported.

The measure puts the subclass 202 global special humanitarian visa applicants proposed by minors back on an equal footing with applicants proposed by adults. Again, I confirm and I need the Senate to understand that, despite Senator Hanson-Young's statements that we are actually stripping away family reunion for unaccompanied minors, the regulation does not do that. The fact of the matter is all the regulation does is ensure consistency in the way the program itself is implemented. All it does is ensure that the family reunion rights for unaccompanied minors under the special humanitarian program are put on the same footing, the same rules, as applies to all IMAs coming here. Again, it is merely about consistency in the program. But I do stress to the Senate that the measure is part of the government's border protection strategy, which is stopping the boats, preventing deaths at sea and paying a human dividend of an additional 20,000 special humanitarian program places over five years.

In regard to the third measure that is sought to be disallowed, this measure inserts public interest criteria 4020 into four temporary visa subclasses. Two of the affected visa subclasses are part of Australia's Working Holiday Maker visa program, which is a very large and beneficial program for the Australian people, in a range of areas, including of course in its economic and cultural benefits. The good governance and effective management of these visa subclasses is obviously enhanced by public interest criteria 4020, which allows the department to appropriately refuse visa applications in circumstances where the applicant has engaged in fraudulent behaviour, such as providing false or misleading information. I want to stress to the Senate and to those who may be listening to the broadcast that this particular measure allows the department to appropriately refuse visa applications in circumstances
where the applicant has engaged in fraudulent behaviour, such as providing false and misleading information.

I would hope that nobody in this place actually believes that the Australian government, the Department of Immigration and Border Protection, should grant a visa on the basis of fraudulent information. It is clearly not in the public interest to allow people who engage in fraudulent behaviour for the purposes of entering Australia to be allowed to do so. Disallowance of this measure, as wanted by Senator Hanson-Young, will affect the department's ability to address inappropriate behaviour of this kind. Decision makers will not be able to refuse visas where it is found that the visa applicants have provided false or misleading information. I will say it again so that everybody in the Senate understands what this disallowance does: it means that decision makers will not be able to refuse visas where it is found that the visa applicant has provided false or misleading information. Again, I say to people, I do not believe it is in the interests of the Australian public to allow the department to enable someone to enter Australia, and then grant them a visa, on the basis of false or misleading information. Disallowance will also limit the ability of the department to maintain or improve the integrity of the overall migration program.

In relation to the fourth measure that Senator Hanson-Young and the Australian Greens seek to disallow, this measure allows the department to share certain personal information about IMAs residing in the community with the Australian Federal Police or the police service of a state and territory government. In relation to this particular regulation, during the 2013 federal election campaign the government indicated its intention to enable the disclosure of information. We took this to the election and the Australian people were completely aware of what we would do if we were elected. Again, we have done exactly what we told the Australian people we would do.

In relation to the disclosure of this type of information, the disclosure supports the compliance activities of the department. I want to confirm to the Senate that those of us on this side of the chamber will ensure under all circumstances that the integrity of the migration program in Australia is maintained. We want to ensure that we put in place strong compliance measures to enable the Department of Immigration and Border Protection to adequately ensure that our borders are protected. In regard to disclosure, the government has become increasingly concerned about people who engage in criminal conduct after being released into the community from being held in immigration detention.

I will just put some facts on the table. Since 8 September 2013, the minister has personally intervened to release over 600 IMAs from held detention arrangements to reside in the community. He has personally intervened to do this. The minister has made these residence determinations under section 197AD of the Migration Act, as it was in the public interest to do so at that time. In doing that, though, the minister needs to ensure that these placements in community detention continue to remain in the public interest. Disclosure of certain personal information will assist the police in identifying whether an individual allegedly involved in criminal activity is an IMA. When this occurs, the department can be informed accordingly and, in the case of a community detainee, the minister is able to consider whether community detention placement or residence determination should be revoked. This measure assists the department in managing the community detention program and it mitigates the risks associated with the exercise of the intervention power—and, as I said, the minister has
personally intervened on over 600 occasions to release people from held detention into the community, which is what I thought the Australian Greens wanted.

But, in doing that, we also have an obligation to the Australian public and we have an obligation to the state and territory governments. All this regulation does is ensure that the information that the state and territory police need to identify those in the community who may be involved in inappropriate behaviour or have committed a crime can be given to them—and to enable the minister to then determine whether or not the determination should be revoked. The measure assists the department in managing the community detention program and, as I said, mitigates the risks associated with the exercise of the intervention power.

In relation to the final schedule that Senator Hanson-Young is seeking to disallow, the fifth measure relates to the English language criteria for the subclass 457 visa program. Despite, again, the statements made by Senator Hanson-Young—which are completely, totally and utterly factually incorrect—I confirm for the chamber that the amendments did not alter the English language requirements that must be demonstrated by a subclass 457 visa applicant. I will just say that again: the amendments did not alter the English language requirements that must be demonstrated by a subclass 457 visa applicant. Rather, what the amendments did do—these are the facts—was move the English language requirements for the subclass 457 visas from the body of the regulations into a legislative instrument made by the minister. Again I confirm that the actual English language requirements to be met by subclass 457 visa applicants were not changed by this measure. The amendments simply moved the English language requirements for the subclass 457 visa applicants from the migration regulations to a legislative instrument made by the minister. If this measure is disallowed, the subclass 457 program will revert to a less adaptable framework for the English language requirements for at least six months.

As I have stated, there are five separate schedules that Senator Hanson-Young is seeking to disallow through this disallowance motion. In relation to the five schedules, everything that Senator Hanson-Young said to support the disallowance motion is factually incorrect. I make the point again: it is very easy to come into this chamber and give a speech based on sentiment. On this side of the chamber, however, we are the government. We have to deal in fact. We need to ensure that, at all times, we maintain consistency in Australia's migration program and that we maintain the integrity of Australia's migration program.

The only thing that a successful disallowance motion will do today is weaken Australia's immigration policy. We were elected on the basis of restoring integrity and security to Australia's borders, and that is exactly what this government are doing. I would ask the Senate not to support the Greens' disallowance motion.

Senator KIM CARR (Victoria) (14:10): I appreciate that senators are extremely keen to meet their flight commitments, and that will prevent me from talking at great length about the detail of the assertions that have been made by the minister. I think I should just take this opportunity to inform the Senate that the Labor Party will be supporting this disallowance, and we do so because of our deep concern regarding the potential consequences of schedule 2 regarding the Global Special Humanitarian subclass 202 visas for applicants proposed by minors. We are very concerned that the compelling reasons that are provided within the existing regulations do set out quite stringent conditions. We believe that they are satisfactory...
to meet the circumstances to the country and that various advice to government has suggested
that it is appropriate that those criteria remain in place and that these regulations therefore are
not necessary.

I am particularly concerned when the minister, in reference to changes to the English
language requirements for 457 visas, talked about the need for adaptability for the 457 visa
group. It really does disturb me when the minister speaks in those terms—that is, if this is
disallowed then it will not be as adaptable. I think we understand what the code is for that
 provision. I nonetheless remain very concerned about ensuring that the special humanitarian
visa program does have integrity and is able to be used to secure a proper humanitarian
approach, particularly when it comes to treatment of minors.

Senator HANSON-YOUNG (South Australia) (14:12): As there are no other speakers, I
will briefly sum up the debate. I want to place on record that while it may be inconvenient for
the government of the day to hear the sentiment—that is, the reality—of what their laws, their
regulations mean to real people, that is indeed what we need to be considering in this place.
We have a government that want to be as cruel and as mean and as nasty as possible to people
just because of how those people arrived. The ridiculous thing, the dangerous thing, the awful
thing about this regulation is that this is inflicting pain on people who are already here,
children who have already arrived, and yet the government continue to use whatever stick
they can find to keep beating up on refugees who are here in the Australian community
already as a symbol of their get tough on boats policy.

These children already exist, they are in Australia. They have been given refugee status
because we know they are refugees. They have fled war, they have had to run away from
torture and brutality, and we are effectively condemning them to be separated from their
families for the rest of their lives. I have no shame talking about the sentiment and the real
impact on the lives of individuals that this government wants to inflict more pain and
suffering on, just because it suits its get tough, get mean approach on refugees. This is from a
government that blows not just the dog whistle but the foghorn every time, every single time,
things get tough in this place. Today it had its mining tax repeal bill thrown out, and so what
does it bring on? It brings on a debate on a disallowance motion on refugees and asylum
seekers.

This government continues to hide behind its budget failures and its inability to negotiate
and to get proper outcomes in this place. Every time it gets tough, we see Scott Morrison, the
minister for immigration, on our TV screens saying, 'Hang on a minute. Remember all those
people we're at war with on the seas—the refugees? Remember them? We're stopping them.'
It is appalling abuse not just of the intelligence of the Australian people but of the lives of the
individuals that this government continues to play with.

There is a boat out on the Indian Ocean holding 153 asylum seekers and the government do
not want to talk about it, but they are more than happy to stand up in this place and beat up on
asylum seeker children—refugees who are already here. The government continue to use
refugees as their whipping boy. When the day is tough, they cannot get their own legislation
and their own budget through this place, and they cannot negotiate with the crossbench, they
start beating up on refugees to save their own face and their own skin. It is an appalling abuse
of people's rights and dignity and the standards by which our parliament should be looking
after the most vulnerable—standing up for the rule of law; standing up for basic compassion towards people who have committed no crime.

These are kids—kids who have had to flee war, torture and persecution. Many of them are orphaned already. Many of them only have one sibling left, and, in order to look tough, to play the nasty, fear-mongering, anti-refugee race card and to push everything else off the newspaper headlines, this government uses those children. That is what this regulation is about and that is why it should be disallowed.

**The PRESIDENT:** The question is that the motion moved by Senator Hanson-Young to disallow Migration Amendment (2014 Measures No.1) Regulation be agreed to.

The Senate divided. [14:21]

(The President—Senator Parry)

| Ayes .................29 |
| Noes .................34 |
| Majority ..........5 |

**AYES**

| Bilyk, CL (teller) | Bullock, J.W. |
| Cameron, DN | Carr, KJ |
| Collins, JMA | Dastyari, S |
| Di Natale, R | Faulkner, J |
| Hanson-Young, SC | Ketter, CR |
| Lines, S | Ludlam, S |
| Ludwig, JW | Lundy, KA |
| McEwen, A | McLucas, J |
| Milne, C | Moore, CM |
| O’Neill, DM | Peris, N |
| Polley, H | Rhiannon, L |
| Rice, J | Siewert, R |
| Singh, LM | Waters, LJ |
| Whish-Wilson, PS | Wong, P |
| Wright, PL |

**NOES**

| Abetz, E | Back, CJ |
| Bernardi, C | Birmingham, SJ |
| Bushby, DC (teller) | Canavan, M.J. |
| Cash, MC | Colbeck, R |
| Day, R.J. | Edwards, S |
| Fawcett, DJ | Ferravanti-Wells, C |
| Fifield, MP | Heffernan, W |
| Johnston, D | Lambie, J |
| Lazarus, GP | Leyonhjelm, DE |
| Macdonald, ID | Mason, B |
| McGrath, J | McKenzie, B |
| Muir, R | Nash, F |
| O’Sullivan, B | Parry, S |
| Payne, MA | Reynolds, L |
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NOES
Ruston, A
Sinodinos, A
Wang, Z
Ryan, SM
Smith, D
Williams, JR

PAIRS
Brown, CL
Conroy, SM
Gallacher, AM
Marshall, GM
Sterle, G
Urquhart, AE
Scullion, NG
Ronaldson, M
Xenophon, N
Brandis, GH
Seselja, Z
Cormann, M

Question negatived.

DOCUMENTS
Air Warfare Destroyer
Order for the Production of Documents

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:24): I table a document relating to the order for the production of documents concerning the air warfare destroyer project.

COMMITTEES
Legal and Constitutional Affairs Legislation Committee
Report


ADJOURNMENT

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:24): I move:

That the Senate, at its rising, adjourn till Tuesday, 26 August 2014, at 12.30 pm, or such other time as may be fixed by the President or, in the event of the President being unavailable, by the Deputy President, and that the time of meeting so determined shall be notified to each senator.

Question agreed to.

BUSINESS
Leave of Absence

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:25): I move:

That leave of absence be granted to every member of the Senate from the end of the sitting today to the day on which the Senate next meets.

Question agreed to.
STATEMENTS

Senator DAY (South Australia) (14:25): by leave—During the committee stage of the previous debate on the MRRT, I omitted to say that that was not my first speech. I thought I would put that on record.

The PRESIDENT: That is now so recorded, Senator Day.

Senate adjourned at 14:26 (Friday)

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.]


Repeal of Airworthiness Directive—CASA ADCX 014/14 [F2014L00992].

Defence Act 1903—Section 58B—Education assistance – amendment—Defence Determination 2014/33.


Inclusion of ecological communities in the list of threatened ecological communities under section 181 – Coastal Upland Swamps in the Sydney Basin Bioregion (EC 140) (13 July 2014) [F2014L01000].


Northern Prawn Fishery (Closures) Direction No. 169 [F2014L00990].

Northern Prawn Fishery (Closures) Direction No. 170 [F2014L00991].

Higher Education Support Act 2003—Revocation of Approval as a VET provider (Carrick Institute of Education Pty Ltd) [F2014L00984].

VET Provider Approval—No. 38 of 2014 [F2014L00988].

Lands Acquisition Act 1989—Statement describing property acquired by agreement for specified purposes.

Parking Permit Fees Rule 2014 [F2014L00994].
Parking Permit Rule 2014 [F2014L00996].
Pay Parking Fees Rule 2014 [F2014L00993].