



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Managed Investment
Trust Withholding Tax) Bill 2012,
Income Tax (Managed Investment Trust
Withholding Tax) Amendment Bill 2012**

Second Reading

SPEECH

Monday, 25 June 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Katter, Bob, MP

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Mr KATTER (Kennedy) (18:45): I speak in praise of the shadow Treasurer when he criticises the government for changing the goalposts. I think that it is right for our overseas investors to have faith in the Australian government. Having said that, we are never going to be able to change anything if we take that principle to its logical conclusion. We would never be able to change anything. So I take the shadow Treasurer's remarks, but I think that you cannot just apply that rule to every single potential initiative by government—otherwise, we would never be able to take an initiative.

One of the many reasons that I am aggrieved to the ALP-NLP corporation that runs this place is that you have a management coup every six or seven years, it would appear. Having said that, I take the shadow Treasurer's argument. It is a valid argument and I praise him for putting it forward. But I have also got to say that you have to make some changes.

We have this extraordinary situation where Australian companies pay 30 per cent tax, but foreign corporations only pay, I think, 17 per cent tax. It is an extraordinary anomaly. You say, yes, but the agreement is that our companies in America pay only 17 per cent tax and then they have to pay the rest of it when they come back to Australia. How many companies do we own in America? How many do they own in Australia? This is a very lopsided deal, a very, very lopsided arrangement. It needs to be clawed back, and part of the clawing back is happening here today. From an overseas investor's point of view, this place is dreamland—and not dreamland in so far as being the land of dreams—it is paradise. You only have to pay 17 per cent interest. You have high interest rates and you can absolutely guarantee that the dollar is going to continue to ascend. You know that the ALP-NLP corporation that runs the country is very, very committed to the idea that overseas financiers should be given a rails run. Just look at your country. The supine attitude of the last government and the current government has resulted in many of our resources being foreign owned.

Fifteen years ago all of Australia's great mining companies were Australian owned—BHP, Western Mining Corporation, Normandy and Mount Isa Mines were all Australian owned. Eighty-five per cent of our mineral resources were under those great mining companies and all were Australian owned. Now they are all foreign owned.

The second biggest agricultural industry in this country is dairying and every single factory in Australia was Australian owned prior to deregulation in the year 2000. Now all the giant corporations in the dairy industry except Murray-Goulburn are foreign owned. All of our sugar mills with the exception of Mackay Sugar are foreign owned. Our airlines were all totally Australian owned and, thanks to the machinations of the head of Qantas and the board of Qantas, clearly, Qantas is going to be divided up into five companies and four those companies will be foreign owned. Is there anything that Australia still owns? Is there any significant company in this country that is still Australian owned? If there is, do not tell me about, Mr Acting Deputy Speaker Symon, because, if the overseas corporations find out, it will not be Australian owned for very long—that is for certain.

In this place we hear a lot about Moody's and Standard & Poor's. They do not run this country and their track record is absolutely appalling. I would urge Treasury officials, if they are sitting in the House here, to go and get out the three books on Enron. Standard & Poor's and Moody's and all the rest of them told us that Enron was a great, stable and wonderful company, just two months before Enron fell over, owing their shareholders and their creditors \$64,000 million. They only made a little mistake—\$64,000 million in one corporation.

It is an infinitely more complicated situation with governments. I am very worried about a tendency that governments have when they skite about not spending money. I belong to the biggest borrowing government in Australia's history. We did not borrow, as the current LNP government in Queensland is doing, to build pleasure domes in George Street—the parliamentary precinct—as the current newly appointed LNP government is doing in Queensland. We did not do that. We spent the money on building a railway line out to the middle of nowhere where there is a whole stack of coal reserves because a bloke called Les Thiess reckoned he could sell the coal to

Japan. We did our homework and we reckoned he could, so we borrowed a king's ransom in money and spent it building that coal line. We had no guarantee of anyone using that line. They might have signed some agreements but they were only as good as the company. If the company fell over, we would have, so we took huge risks and we built this giant port at Gladstone, one of the six biggest ports in the world in that it could take 200,000-tonne vessels. There were only six ports in the world that could take 200,000-tonne vessels.

Not stopping there, we built one of the four biggest power stations in the world so we could have the cheapest electricity in the world. We gave those Utah coalminers a rail run, and we had a small clause which gave us the overburden coal. We drove this giant economies of scale power station on free coal because of the cunning deal we had done. We built a power station that we did not need. There were no users there for that power station. It was a huge risk that the great Ron Camm, who was more of a mentor than even my father, took in building that power station. He said, 'If we have the cheap electricity, the aluminium industry will come.' It was a huge risk. If they had gone bad with coal or aluminium they would have been annihilated as a government. Heaven only knows, they were ripped into continuously, all the time. They borrowed, spent all this money and put the state into hock. Yes, but the money was not spent on buying votes. Most of the expenditures in this place really amount to buying votes. You can say that the spending makes life more easy and more attractive for people. Well, we were hard people—13 of our cabinet had cut cane by hand as young men. We were not used to all the leisures and pleasures of life. We were used to making sacrifices, saving our money and investing it in the future in productivity.

We now spend \$23,000 million every year, and three of the people on the boards of the superannuation companies that spend that money have been in to see me. They say, 'All we are doing is pumping up the balloon.' I say to Treasury, to ASIC and to all these other people who are supposed to be the prudential controllers, 'Don't you see that you are blowing up a balloon?' All of that \$23,000 million is being spent on realty and on the share market and it is just blowing it up. There is nothing behind it at all, except the \$23,000 million that is going to be invested next year. There is nothing actually being produced at all, and in the meantime we say, 'Oh, we have to get money from overseas to open up our coalmines and our iron mines.'

There was a 60-40 rule with superannuation in the days when I sold superannuation. I made a lot of money out of it, too. God bless all the people that I worked for, my clients. Sixty per cent of that money went into government securities, so what happened in 1998 and again with the GFC and things like the collapse of Storm Financial could not have happened under us. Sixty per cent of that money was government guaranteed. Let me give you just one example. You introduce ethanol, and then you know you have a market in Australia for ethanol. So you can go and put the money up to build a big dam to put in giant new sugar mill. It is going to produce ethanol and you know you have a market for it, and you have a guaranteed price because it is backed up by petrol prices throughout the world. It is a dwindling resource and will constantly increase in price. You know you have a beautiful lay-down misere investment here. Say the investment is in the dam and the delivery canal. Maybe we do not grow ethanol; we grow something else. But the government is in the position to be able to guarantee that sort of investment within reason.

I sit beneath a picture of the great Jack McEwen. He had many great sayings, but the one I liked best was that government is about getting it right and education is no replacement for hard work in getting it right. Sir Leo Hielscher put in time and effort and energy, and all those bridges across the Brisbane River are named after him. He was a very great man. He took risks as the Secretary of Treasury in Queensland with his advice to the government. There were the risks that men like Bjelke-Petersen and Ron Camm took. We are yielding the benefit of those to this very day. For the last 30 years the economy of this nation has been carried by the coal industry and the aluminium industry and they were both put there by huge risks being taken in investment. Sir Leo Hielscher was offered the Reserve Bank three times and offered the World Bank position once. He said: 'We did not really take a risk. We always knew that the aluminium would come. We always knew that we would be able to sell coal to Japan.' He could say that afterwards, but at the time I am sure he was sweating a little.

We have this huge resource of the \$23,000 million. Why are we giving a free kick to every foreign corporation? I am very pleased to see the Treasurer moving today to take some of that money back. Mistakes have been made in the past. One of the ways of rectifying that is to get some of that money back through measures like the one he is moving tonight. I will be backing it even though I think we should all listen to what the shadow Treasurer said this evening as well.