



# Central Bulletin

A newsletter from Central Queensland's only Senator, Matthew Canavan

**THE NATIONALS**  
for Regional Australia

**LNP** LIBERAL NATIONAL PARTY

## It's time to make Australia's tax system more "family-friendly"



Cyclone Marcia fails to flatten Central Queensland's community spirit

Environmental protests – they shouldn't be tax-deductible

Big week crowns Rockhampton as the nation's Beef Capital





## Time to make Australia's tax system more "family-friendly"

I believe it is time to make our Australian taxation system more "family-friendly". For families where only one spouse is working full time, the present system is inefficient and unfair. Our tax and welfare system has tilted the playing field too much against parents who choose to stay at home and look after their children.

Our system should not try to socially engineer parental decisions through the tax system.

The Commonwealth Government's current review of the taxation system provides an opportunity to make significant reforms.

## Overview of problems and solutions

The family is the basic economic and social unit of society and most family payment arrangements are assessed on a household income basis. Our tax system, however, is almost exclusively focused on the individual.

This system is inefficient because families make decisions as a unit. When different family members face different marginal tax rates, they will change who does paid and unpaid work within the family. These tax arrangements make it more difficult for some families to maximise their household income, especially when

employment opportunities are not equal between parents, or for those who live far from employment centres.

This system is unfair because families with similar incomes can pay vastly different amounts of net tax. For example, a single income family on \$80,000 pays around \$6,000 more net tax every year than a double income family on the same income. A double income family could earn up to \$172,000 a year before they pay the same average tax rate as a single income family on just \$86,000 a year.

Various changes to income taxes and family benefits have meant that single income families on middle incomes (of around \$60,000 to \$120,000) have seen their relative situation worsen by between \$1,000 and \$4,000 per year since 2007.

Australia's tax system penalises single income households relative to double income households by a greater margin than most countries. Overall, Australia has the fifth most discriminatory tax system for single income families in the OECD. Around half of OECD countries offer some kind of joint taxation treatment

between the members of a family.

*This is not just about money and fairness. Multiple studies demonstrate that fulltime parental care is the best for young children. Long periods in day care for children under the age of one can adversely affect a child's development.*

A more neutral tax system would allow parents to make household decisions for their family, without the tax and welfare system interfering with those choices.

Any successful proposal to narrow the large and growing gap between the tax treatment of single income and double income families must be affordable, progressive and not disadvantageous to double income families.

A more neutral system would deliver

more choice and may encourage greater workforce participation because the benefit will only arise if families earn taxable income. It will also return more choice about who works and how children are looked after to the people best placed to make that decision: the mother and father of the children.

Within those constraints, it is possible to borrow from examples overseas to design a more limited form of income splitting. Canada has recently introduced a policy of parental income splitting. This policy allows eligible taxpayers to transfer up to \$50,000 of income to their spouse for tax purposes, collecting a non-refundable tax credit of up to \$2,000 per year in return (Canada Revenue Agency 2015). According to estimates prepared by the Parliamentary Budget Office, if the Canadian model were introduced in Australia it would cost \$2.5 billion per year.

Most likely, this is still too costly in the current budget context, however, the \$50,000 sharing amount chosen by Canada is somewhat arbitrary and can be adjusted according to what is affordable. One alternative would be to reduce the \$50,000 figure to \$18,200 – effectively giving all families two tax-free thresholds. Such a proposal makes some intuitive sense because most double income families do not pay tax until their household income rises above \$36,400. In contrast, a single income family starts paying tax after earning \$18,200.

A slight modification to the Canadian model could see a proposal that ensures that all families do not pay tax before they earn \$36,400. Under this model, the primary income earner could transfer income equal to \$18,200 less the income earned by the second income earner. If the second income earner earns more than \$18,200 no transfer of

**Table 1** Illustrative examples of income splitting proposal

<i>Primary income earner</i>	<i>Secondary income earner</i>	<i>\$18,500 less secondary income</i>	<i>Tax reduction based on primary income earner marginal tax rate</i>	<i>Total tax saved per couple (after cap of \$2,000) applied</i>
65,000	15,000	3,200	1,104	1,104
80,000	0	18,200	6,279	2,000

Table 1 provides some examples to make this proposal clear. A family with a primary breadwinner earning \$65,000, and a secondary earner on \$15,000, would be able to transfer \$3,200 from the primary to the secondary earner for the purposes of tax calculation – delivering a tax

benefit of \$1,104. A couple on the same total income (\$80,000), but with the primary earner being the sole breadwinner, would be able to transfer the full amount of \$18,200 and receive a (capped) tax benefit of \$2000. Costings prepared by the Parliamentary Budget Office indicate

that this policy would cost in the order of \$1.5 billion a year. Tax relief would be provided to an estimated 815,000 couples. This policy would apply from 1 July 2016. Couples would be able to claim the credit when they file their 2016-17 tax returns.



taxable income would be possible. It is proposed that the model retain the \$2,000 cap on benefits as in the Canadian model.

The proposed change would not eliminate the inequity for single income families but it would help narrow the gap. The proposed policy

is not regressive because the benefit is capped at \$2,000. Even well-off families would still only benefit to the same extent as a family on \$75,000 per year.

In this way, it would be a policy that helps reduce both horizontal and vertical inequity.

This new policy would also help reverse much of the deterioration in the relative position of single income families since 2007.

Families between \$50,000 and \$70,000 annual income would be better off relative to their position in 2007. Nonetheless, while families between \$100,000 and \$140,000 will be better off than they are today (by \$2,000 per year) they would still be behind relative to their position in 2007.

The effects of this policy, however, go beyond its potential to deliver a more equitable tax system. This policy would make the tax system more neutral between the decision to stay at home and look after children, or for both parents to find work.

A more neutral system will help a

**Table 2** Distributive analysis - income splitting proposal

Current taxable income split (b)		Number of couples (f)	Percent of couples (%)	Average family taxable income (c) (d) (\$)	Average transfer of taxable income (d)	Average tax benefit (e) (\$)	Percent of revenue impact (%)
Primary (%)	Secondary (%)						
100	0	550,000	68	118,000	18,000	2,000	72.5
95	5	80,000	10	132,000	12,000	2,000	10.6
90	10	70,000	8	92,000	8,000	1,800	8.1
85	15	40,000	5	78,000	6,000	1,600	4.1
80	20	25,000	3	66,000	6,000	1,400	2.5
75	25	20,000	2	54,000	4,000	900	1.2
70	30	10,000	1	46,000	4,000	700	0.5
65	35	15,000	2	38,000	4,000	400	0.3
60	40	5,000	..	38,000	2,000	200	0.1
55	45	..	..	62,000	10,000	1,300	..
50	50	..	..	..	..	..	..
<b>All</b>		<b>815,000</b>	<b>100</b>	<b>110,000</b>	<b>8,000</b>	<b>1,800</b>	<b>100</b>

*This analysis only includes couples who would benefit from this proposal. Where the secondary income earner has negative taxable income, the primary earner is considered to earn 100 per cent of the family's taxable income. Totals may not add to sum of components due to rounding. (b) Figures rounded to nearest 5 per cent. (c) These figures represent the sum of the primary and secondary earners taxable income. (d) Figures have been rounded to the nearest \$2,000. (e) These figures represent the average reduction in tax payable. Figures have been rounded to the nearest \$100. (f) Numbers have been rounded to the nearest 5,000 couples. Source: Estimates prepared by PBO 2015.*



**Chart 1 Additional net tax paid by single income families**

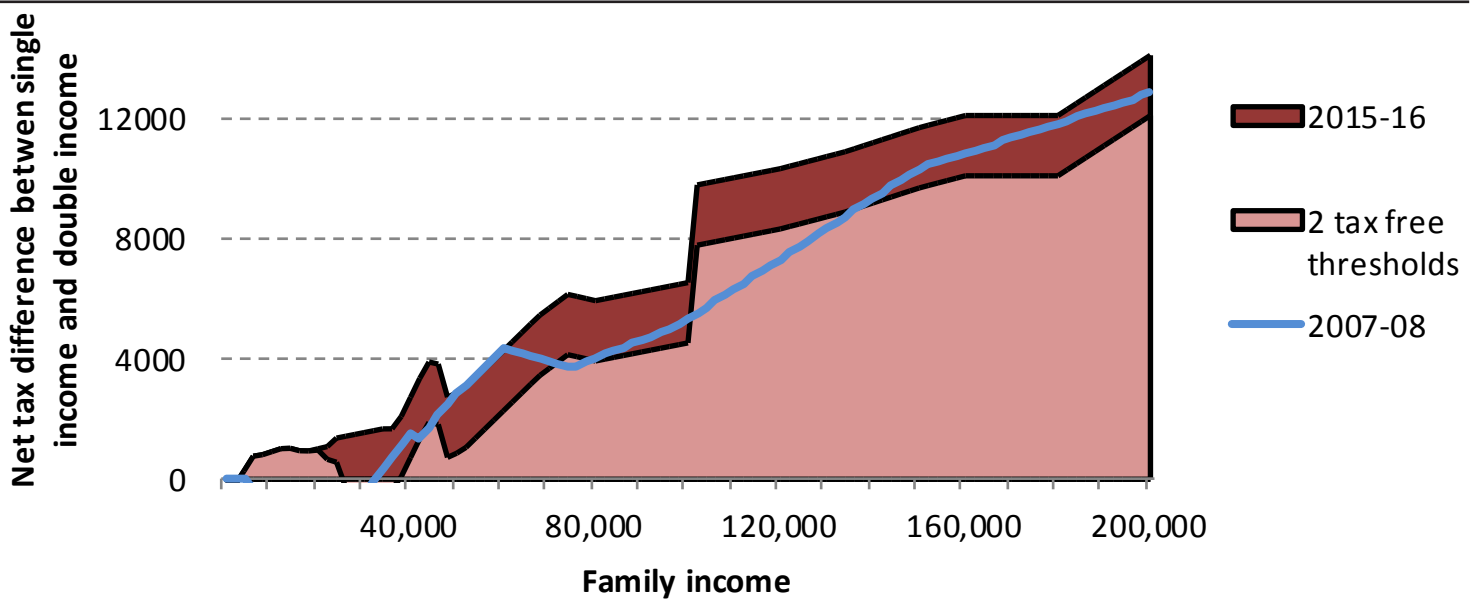


Chart 1 shows the additional net tax paid by single income families compared with dual income families with the same household income. The blue line shows the situation in 2007, and demonstrates that single income families are worse off now. The proposed policy reduces the gap between single income families and double income families, as shown in the chart by a downward shift in the gap.

family have more choice in their work and non-work decisions. This may in fact encourage greater workforce participation because it will lower the marginal tax rate faced by the primary income earner.

Moreover, this income sharing policy helps return the choice of who works and how children are looked after to the people best

placed to make that decision: the mother and father of the children. This would lead to greater self-provision by families to meet their own needs, resulting in reduced churn in the tax and welfare system.

The ultimate benefit of the policy would be to allow more parents to look after their own children, especially when they are young. The overwhelming evidence is

that parental care is important for child development and we should have a tax and welfare system that supports that fundamental reality.

**Further information**

A full copy of my submission to the taxation review is available on my website: [www.mattcanavan.com.au/family\\_based\\_taxation](http://www.mattcanavan.com.au/family_based_taxation)

**Details of 'two tax free thresholds' proposal**

Changes to tax laws to allow a couple with children under the age of 18 to, in effect, transfer income from the higher income earner to the lower income earner for tax purposes. The maximum amount of

income that can be transferred per couple is \$18,200 minus the taxable income of the lower income earner. Total tax relief per couple would be capped at \$2,000. Hence, when the income of the lower earner reaches \$18,200 they are unable to transfer any income under the policy. The intention of this approach is to allow a couple with chil-

dren under the age of 18 to effectively have access to two income tax free thresholds. Tax relief is calculated on the basis of the difference in tax before and after the effective transfer of income. Income transferred to the lower income earner is not counted for assessment of benefit payments, including Family Tax Benefit B.

## Cyclone Marcia fails to flatten community spirit

Cyclone Marcia hit Central Queensland in February, causing extensive damage but failing to flatten spirits in resilient local communities.

In my home community of Yeppoon, as well as in Rockhampton, in outlying townships and on farms throughout the region, I was struck by the spirit of people who had suffered damage to homes, businesses and crops but were determined to rebuild and replant and get life back to normal as quickly as possible.

The Bureau of Meteorology (BOM) has reported that Marcia crossed the coast at Shoalwater Bay, north of Yeppoon – as a Category 5 cyclone, at the top end of the scale – at 8am on Friday, February 20.

It continued south, and moved west of Yeppoon, where wind gusts up to 156 kph were recorded, then headed over Rockhampton, with gusts of 113 kph, and passed Bioela early that night, with gusts of 85 kph.

It was downgraded to a tropical low and eventually faded back out to sea off the Sunshine Coast. The damage bill was later assessed at some \$750 million. More than 800 homes were damaged in Livingstone Shire (approximately 130 of them severely), 630 in Rockhampton (74 severely) and a further 64 homes were reported as “uninhabitable” in the Banana Shire. There was also serious damage to agricultural crops and equipment.

More than 2,000 power lines were

brought down by trees and debris and supply to Ergon’s primary zone sub-stations was knocked out, with the result that almost all residents in Rockhampton and Yeppoon and surrounding areas lost power – a total of around 65,000 customers.

Local federal MPs Michelle Landry (Capricornia) and Ken O’Dowd (Flynn) in particular lobbied Government Ministers for assistance, and those who headed for the region to see the damage firsthand and talk to residents included Prime Minister Tony Abbott, Deputy PM Warren Truss, Justice Minister Michael Keenan and Human Services Minister Marise Payne.

Agriculture Minister Barnaby Joyce also flew north. Barnaby visited some



Deputy PM Warren Truss (third from left) headed to CQ for a firsthand briefing on the front line of cyclone recovery. Others in this photo at Yeppoon include Livingstone Shire Mayor Bill Ludwig and Federal MPs Michelle Landry (Capricornia) and Ken O’Dowd (Flynn).



of the farms damaged by Cyclone Marcia and then met farmers and foresters from throughout the region at a shed meeting at Yeppoon. (Forests were badly damaged by the wind, something that was very evident when Michelle Landry and I flew over the region to visit smaller communities like Byfield, Ogmoo, Stanage Bay and Marlborough.)



*PM Tony Abbott flew north to meet cyclone-affected residents.*

I want to pay tribute to the leaders and to the entire community who, through their efforts, their quick responses and their listening to the authorities on what they needed to do, made sure that no-one died, fortunately, in this event and no-one was even seriously injured — a remarkable outcome given the strength and force of the cyclone.



*More than 1,500 homes were damaged in the region.*

I particularly want to thank Bill Ludwig, Mayor of the Livingstone Shire, and Margaret Strelow, Mayor of Rockhampton. They enacted their disaster management plans with great speed.



*Ergon Energy staff did a fantastic repair job.*

I want to pay tribute to the work of Ergon Energy, which brought more people to help fix the power in a shorter time than was first feared. Most people had their power restored within the week, a fantastic outcome in the circumstances.

The losses to the pineapple industry alone are more than \$4 million. About 35% of Australia's pineapples come from that region and they are going to be without an income for probably six months at least. Other producers of lychees and mangoes have had their



*Forests in the Byfield area were devastated.*





*Agriculture Minister Barnaby Joyce joined Member for Capricornia Michelle Landry and me to inspect local farms and meet producers in the wake of Cyclone Marcia (here looking at row after row of ruined pineapples).*



trees flattened. They will probably not get a crop until Christmas next year. Some of those trees will never come back. They will have to wait until others grow back up towards the sky and not across the ground.

With respect to the timber industry, a good news story in Yeppoon recently has been the installation of a sawmill from Tasmania to help create about 50 or 60 jobs in Yeppoon. But they have had about 18 years' supply of products wiped out by this cyclone.

Jambin had two natural disasters: the cyclone and a flood as well. Some people in Jambin have had three floods in four years. They are doing it tough.

The Federal Government has made a range of assistance available to aid recovery, including:

- Category A personal hardship and distress assistance for individuals;

- Category B essential services, counter disaster operations, and restoration of public assets assistance, concessional loans and essential working capital loans, and clean up and recovery grants in a range of local government areas (LGAs); and
- Category C recovery grants of up to \$25,000 for severely affected primary producers, small businesses and non-profit organisations in Rockhampton and Livingstone and defined areas of Banana and recovery grants for primary producers in defined areas of North Burnett.

## Marcia's "severity upgrade" a record

Officials from the Bureau of Meteorology confirmed the unique acceleration of Tropical Cyclone Marcia from category 1 to category 5 in record time.

BOM senior staff appearing at Senate estimates hearing the week after the cyclone hit Central Queensland said it had been the fastest progression from a low level cyclone to the most severe level that they could recall in Australia.

The BOM officials said TC Marcia underwent an "extraordinary intensification" from Category 1 at 8am on Thursday, February 19 to Cat 2 by 11am, Cat 3 by 4pm, Cat 4 by 6pm and finally Cat 5 by 4am Friday before it struck the coast later that morning.

They added that BOM will have access to significantly improved satellite information about cyclones from July this year.

The chief way BOM monitors cyclones is using satellite imagery but now those images come in only once an hour. When BOM has access to the new Japanese Himawari satellite in July, it will be getting updates every 10 minutes. Also, the imagery will be about four times the current resolution.



# Communities must look for links that bind, not divide

**Matt Canavan**  
Queensland Senator



**Liberal National Party**

THE Jewish people did not lack for self-proclaimed messiahs seeking to stir trouble against the Roman occupiers. Why is only one of these men remembered today?

The confluence of events that led to the late Roman emperor Constantine becoming baptised a Christian (after killing his wife and son no less) – just at a time convenient for Christianity to fill the vacuum left by the crumbling Roman empire – seems miraculous. A more prosaic explanation, though, is that Christianity had a unique ability to unite divisions.

Unlike many other Jewish sects, Christianity opened its doors to all. In the words of St Paul: “There is neither Jew nor Greek, there is neither slave nor free, there is neither male nor female, for you are all one in Christ Jesus.”

But then even from its earliest days, Christianity had an equally unique ability to divide and debate forcefully on arcane matters of theology. Constantine had fought to protect Christians after decades of persecution and he had outlawed crucifixion. He united the Ro-

man Empire and, like all rulers, prized unity above all else.

The thanks he got from the Christian bishops was a vicious struggle over whether Jesus was wholly divine or just a little bit divine. He must have felt like banging their heads together like Moe in *The Three Stooges* but instead he called them to Nicea, where the Nicene Creed was hammered out under the watchful eye of the Christian emperor.

Putting aside the religious messages of our holiday period just passed, and the even more overt commercial ones, this is a message for all Australians from our Judeo-Christian heritage.

We must unite around those matters that we agree on and they are legion. We don't talk about them much but we agree on one vote for one person (regardless of race or gender). We agree on equality before the law. We agree on freedom of speech. We agree on a separation of church and state.

Because they are not controversial, these matters are rarely discussed but we should reflect on how treasured our social contract actually is. In the sweep of history, there are very few nations as free, as liberal, as hospitable and as prosperous as Australia.

While we should give thanks for this, we should also realise that good fences make good neighbours. The

greatest threat to our unity is the propensity of some to tell others what to do. Greenies tell farmers not to cut down the trees they own while tweeting from apartment blocks denuded of greenery. A new acronym describes those that seek to Build Absolutely Nothing Anywhere Near Anything – a BANANA. We should let Australians who live in different areas make up their own rules that suit them. The start of the year will see state elections in our most populous and third most populous states: NSW and Queensland.

Federal politicians should remember that states are their own sovereign governments and the people that select these governments should be free to make their own choices. I have even proposed making more states, or more fences, so that we can be even better neighbours.

After Australia Day the political debate will resume. While people often say that parliament is too rowdy and we disagree on too much, we should equally celebrate debate as well as unity. You do not make a chain strong by only repairing the strong links. You should focus and repair the weak ones to make the whole strong.

**QUEENSLAND  
Country Life**

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## Buying a home: a “super” idea

Young people should be able to use their superannuation to buy their own home. This is the most important investment most people will make. Those that own their home on retirement tend to rely less on pensions and other support, regardless of their superannuation balances.

My position on this is well known: I am strongly in favour of young people being able to access their superannuation to help buy their first home. I specifically included this in my first speech to the Senate in July.



Why make people save for retirement before they can own their own home? We should free up the rules around superannuation so that young people can use their income and their savings to buy their first home.

I am encouraged to see Treasurer Joe Hockey and PM Tony Abbott talking about this issue and encouraging public debate.

The Coalition strongly believes in home ownership. We should encourage as many Australians as possible to own property. But home ownership is becoming increasingly out of reach for my generation. Unreasonable restrictions on land release are part of the reason, but that is largely a State issue.

At the federal level, we make it harder for young people to buy their own home by forcing them to put 9.5% of their income into a savings account they may not be able to access until they are 65. We should be helping people buy their first home when they are 25, not 65.



## Big week crowns Rockhampton as Beef Capital

Rockhampton has reaffirmed its status as the Beef Capital of Australia with a spectacular week-long exposition certain to build new trade and export opportunities for the industry.

The week-long event in May attracted more than 1,000 international visitors from 55 countries to do business with Australian suppliers. It was clearly the best Beef Australia expo ever in the triennial event's 27-year history.

I want to pay tribute to the organisers of Beef Australia 2015, particularly the chairman of Beef Australia, Blair Angus, and his hardworking wife, Josie Angus, and the CEO of Beef Australia, Denis Cox, and his dedicated team.

I remember first meeting with them, almost three years ago while they were in the very initial stages of planning for the event. Even at that stage, they had a vision for what they wanted to achieve: showcase

our beef industry to the world; help facilitate trade and business with other nations; make Australian consumers more aware of the beef industry; and provide an opportunity to educate other beef producers and share information among them.

They certainly achieved all those goals, particularly through the very successful global celebrity chef program, where they invited celebrity chefs from all around the world. Some of these chefs from the Middle East have hundreds of millions of viewers of their programs and most of us have probably never heard of them. They came out here and produced some wonderful beef-featured meals and have also recorded some shows which they will show back in their countries and promote Australian beef.

More than 90,000 people attended Beef Australia. Around 4,500 cattle from over 30 breeds all across the

country were entered in the various competitions.

*Around \$32 million was injected into the local economy thanks to Beef Australia 2015, a great return on the investment the Federal Government made in this event. I am very proud that the Coalition promised at the last election to invest \$2.75 million to help stage Beef Australia.*

We were true to that promise and helped the committee put on a wonderful event. I remember working with the committee to achieve that funding commitment, and it is a great result for the whole of the beef industry in Australia. I certainly hope that future governments support future events.

The stature of Beef Australia was demonstrated by the representation it attracted from all



levels of government. For example, Queensland Agriculture Minister Bill Byrne was at the event, and Federal Government representatives included Prime Minister Tony Abbott, Deputy Prime Minister Warren Truss and Agriculture Minister Barnaby Joyce.

*Mr Abbott made an announcement for the beef sector and for northern Australia generally: the Commonwealth Government will invest \$100 million in a new beef roads program.*

Some would remember the Menzies Government invested in the first beef roads program in the 1960s. They developed roads like the Burke Developmental Road and the Gregory Developmental Road. Many roads that still exist across northern Australia are only there thanks to the investments made by the Menzies Government. Those roads are the arteries that keep our beef industry alive and pumping, and they certainly need further investment.

This \$100 million also is going to leverage a new tool that has been developed by the CSIRO. This tool has the potential to be a revolution for the beef sector. CSIRO use NLIS data from the ear tags that most cattle have. They record when a cow is sold and they have taken that information for 88,000 different transit points – that is farms, feedlots and meatworks – all round the country. On a Google map, they can show you how roads



*Top cattle fronted the judges at Beef Australia 2015.*

are used more by the cattle sector throughout the year. They can look at where the pressure points are.

We are going to use that information to work out how best we can spend that \$100 million to alleviate the pressure on our road network and bring down costs for our cattle producers, because often, particularly

for our northern producers, the cost of transporting cattle from the producer to a feedlot or a meatworks in the south can be \$100 or more per head.

If we can make headway on those costs, we can do more to return value to our beef producers and have a stronger beef sector for our nation.



*Deputy PM Warren Truss praised the CQ cattle industry at Beef Australia.*



# Budget good for **business**



The 2015 Budget is proving popular with business operators, especially small and medium-sized businesses so vital for the Australian economy, and that includes primary producers. The budget delivered by Treasurer Joe Hockey in May includes a \$5.5 billion jobs and small business package, the biggest small business package in our nation's history.

From 1 July, small companies with annual turnover of less than \$2 million will have their tax lowered from 30% to 28.5%. Unincorporated businesses will get an annual 5% tax discount up to \$1,000. Small businesses will also be able to immediately deduct new assets up to \$20,000.

A range of other measures cut red tape and encourage entrepreneurship to help our more than two million small businesses invest more, grow more and employ more.

Later in the month, Agriculture Minister Barnaby Joyce announced

that Australian farmers can now claim a tax deduction on all capital expenditure on water facilities, fodder storage assets and fencing incurred since the 2015 Budget was handed down on May 12.

Farmers can fully deduct the cost of water facilities and fencing in the year they are purchased and deduct the cost of fodder storage assets over three years. Farms with turnover of less than \$2 million qualify as a small business and are also eligible

to immediately write off all asset purchases up to \$20,000. Barnaby said the decision to bring forward the start date of accelerated depreciation for all farmers, regardless of the size of their farm, allows them to prepare for drought and invest in the productivity of their farms immediately.

The measure builds on our more than \$333 million in targeted support for farmers and communities impacted by drought announced by the Prime Minister in Longreach on May 9, taking



*The 2015 budget is good for small to medium-sized business like this caravan manufacturer I visited on the Sunshine Coast with fellow LNP Senator James McGrath (left) and Assistant Treasurer Josh Frydenberg.*



# GETTING THE BALANCE RIGHT

*Spending cuts are the more sensible path with revenue increases in the mix*

MATTHEW CANAVAN



Having not been that long since I was a kid, and now partly responsible for four children myself, I have learned that one key of effective parenting is: do as I say, not as I do.

It is in that vein that I take the advice of one of the “parents” of the Coalition, Peter Costello. Costello is right. We should strain for lower taxes.

That is the key to unlocking the productive and competitive forces that will boost investment and job creation. If we make it easier for people to make more money, they will make more money. In doing so we would create more jobs and fund more public services.

Costello is wrong, however, to ignore the competing trade-off. We also don't want the government to borrow so much money that it is crowding out private sector investment or imposing such large future liabilities that it causes people to pause before they borrow and invest today.

All governments must balance these trade-offs, and governments normally rely on a mix of increased taxes and reduced spending when trying to balance a budget.

That is certainly what Costello did while treasurer. It is true that in his last five budgets the Coalition government reduced taxes in every budget. This was a period of surging tax revenues and large budget surpluses, even

after the tax cuts. This is not the environment we face today.

What we face today is similar to what Costello dealt with in his first budget, in 1996-97. In that budget Costello adopted new policies that increased revenues by \$4.4 billion. A new superannuation surcharge of 15 percentage points was imposed on people earning more than \$85,000. A crackdown on tax avoidance by high net worth individuals and corporations netted another \$1.3bn — similar to today's debate on the tax paid by multinational corporations.

**We don't want the government to borrow so much that it is crowding out investment**

Fully 26 per cent of the total savings in the 1996-97 budget came from increased taxes or revenue.

How does Joe Hockey's 2014-15 budget compare? Pretty similar actually.

Hockey adopted new policies that increased tax revenues by \$5.3bn — after adjusting for inflation, a lower amount than in 1996-97. Thirty per cent of last year's budget's savings came from increased taxes or revenue, very similar to the 1996-97 budget almost 20 years before.

That the Coalition relies more on spending cuts than tax increases when it seeks to balance a budget is not surprising. It is also not surprising that, for Labor, it is the opposite. Labor relies more heavily on tax increases.

Wayne Swan's 2010-11 budget tried vainly to return the budget to balance after the profligate stimulus years of the Rudd government.

In that budget, Swan adopted policies that increased revenue by

\$6.8bn, including the slightly over-optimistic revenue projections from the mining tax. Remarkably, in a budget that purported to try to balance the budget, policy decisions actually increased spending by \$1.7bn. So tax increases accounted for 135 per cent of the savings measures in that budget.

Is it any wonder that Labor never delivered a surplus?

The historical evidence is clear. In budgets that deliver net savings, the Coalition has relied on tax increases but only for about a quarter to a third of the savings effort. Labor has tried to rely exclusively on increasing taxes. The fact Labor then failed to deliver a surplus is because the economic evidence says that's not the way to go about things.

The work of economist Alberto Alesina and his colleagues has shown clearly that how countries achieve budget savings are just as important as how much they save.

Adjustments achieved by spending reductions are likely to have lower contractionary impacts than those achieved through tax increases. That is because tax increases tend to scare off investors and reduce economic growth and tax revenue, thus making the savings effort all that much harder.

The only permanent way to get our debt to gross domestic product ratio down is to reduce spending, not increase taxes.

Coalition governments have a history of following this advice, although not dogmatically. When we face a budget savings task of the kind we encounter today, the only sensible path is to rely on a mix of spending cuts and revenue increases but with a preference to the spending cuts path.

**THE AUSTRALIAN** 

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the Government's total commitments to farmers in this year's budget to more than \$400 million. Bringing forward these changes to begin from 1 July 2016 to 12 May 2015 is estimated to cost \$72 million over the

forward estimates.

Further measures to support farmers who are preparing themselves for the damaging effects of drought will be announced in the forthcoming

Agricultural Competitiveness White Paper.

For information on the new drought support measures go to [www.agriculture.gov.au/drought](http://www.agriculture.gov.au/drought).

# Nats want grocery ombudsman



Four Nationals Senators have called for the appointment of an ombudsman to settle disputes under the Commonwealth Government's Grocery Code.

The four – Bridget McKenzie (Victoria), Barry O'Sullivan (Queensland) and John Williams (NSW) and myself – made our call in additional comments in the report of a Senate inquiry into the Grocery Code presented in May.



*Hearing the views of shoppers, firsthand*

We want to see the Small Business and Family Enterprise (SBFE) Ombudsman appointed to carry out this role. Stakeholders are concerned about dispute resolution processes under the Code, including their workability, timeliness and costs.

“We wish to add our voice to these concerns,” we said in the report. “Given the disparity between suppliers on the one hand and the major supermarkets on the other – in terms of market power, financial resources as well as experience and expertise in dealing with disputes – the ability of the Code to operate effectively hinges on the presence of effective, accessible and timely dispute resolution mechanisms.

“Suppliers face a number of hurdles in making and establishing a case for a complaint under the Code. Lack of access to relevant documents from retailers is one key issue. This is exacerbated by the presence of substantial information asymmetries,

which mean, in many cases, suppliers will face uncertainty about whether documents necessary to make and sustain their case even exist.”

The potential cost to suppliers seeking dispute resolution under the Code is another significant barrier, particularly the cost of mediation and arbitration. Our recommendations include replacing the Institute of Arbitrators and Mediators Australia under the Grocery Code with the SBFE Ombudsman, and funding dispute resolution services to the grocery sector by a small levy paid by signatories to the Code.

“Fees of around \$2,000 per day for each participant are likely to represent a significant deterrent to small suppliers seeking arbitration,” we said. “Given the great disparity in size between parties, the potential for the party with the deeper pockets to extend negotiation periods and increase costs would undoubtedly be a consideration to be factored in by

any small supplier seeking to have a matter resolved under the Code.

“Appointment of an ombudsman to oversee the Code would provide an effective and proven mechanism for low-cost, timely resolution of disputes under the Code.”

The Government provided \$8 million over four years to the Department of the Treasury to transform the existing Office of the Australian Small Business Commissioner into a SBFE Ombudsman with additional functions and powers.

The Office of the Small Business Commissioner suggested that, to provide low cost alternative dispute resolution services, the Australian Small Business and Family Enterprise Ombudsman might assume responsibility for the resolution of disputes under the Code. We believe this would be sensible policy that would strengthen the operation of the Code.



# Trading laws need tune-up

**Matt Canavan**  
Queensland Senator



Liberal National Party

I WAS in Mareeba recently talking to growers about the difficult market structure they faced.

I asked: "Why don't you get together and collectively bargain so that you can counterbalance the power of buyers?"

The growers said to me they tried that a few years ago.

Three big growers had had enough: they all agreed not to supply the Cairns market the next Saturday.

The next Saturday came, and the grower who left at 5.30 in the morning passed the other two who were already on their way back from Cairns.

This is a perennial problem for farming. There are always a lot of farmers but not many buyers.

There is almost perfect competition between farmers but only imperfect amounts of it between buyers of farming products.

It's why JFK's quip still rings true: "Farming is the only business that pays retail, sells at wholesale and pays the freight in both directions."

Changes in the agricultural marketplace in the past few decades have reduced the bargaining power of farmers.

Single desks have been deregulated, farm price supports have been removed and many farmer cooperatives were sold to private companies.

The reason for the changes is less important now than their effect; and their effect has been to reduce the bargaining position of the agricultural sector.

Perhaps in earlier times farmer cooperatives and single desks provided a countervailing force against the power of large buyers of produce.

Changes in the agricultural marketplace in the past few decades have reduced the bargaining power of farmers.

But that is changing as farming has become more competitive and food processing has become more concentrated.

This process is playing out starkly in the sugar and beef industries in Queensland.

A large multinational is proposing that canegrowers should no longer have ownership or direct control over the marketing of the sugar they grow.

Sugar mills are in a unique buying position. Most canegrowers can only economically supply one mill.

Sugar degrades in quality in the field so they cannot store sugar the way you can store grain, during a contractual dispute.

In other words, sugar mills have them by the proverbials.

Meat is a different game. There are more options for sale and storage but the processing sector is becoming more concentrated nonetheless.

Last week's announcement that JBS is set to purchase small goods producer Primo continues a trend to more concentration, and now about half of Australian beef is processed by just two companies.

Our beef sector is approaching levels of concentration seen in our Colworths-dominated retail sector.

Our response to these changes should be the same.

If the laws and policies we have no longer suit the market, then those laws and policies should change.

The competition laws we made

for a sector with more farmer cooperation may not suit our more concentrated, modern agricultural market.

That is why many in the sugar industry have put forward suggestions for stronger state laws or a code of conduct under the federal Competition and Consumer Act 2010.

The federal government recently established a code of conduct for grains. This was done because grain growers can only export through a limited number of bulk export terminals.

The code gives grain growers rights to access these infrastructure bottlenecks so they cannot be locked out of international markets.

In the beef sector, many have suggested the need for greater transparency on pricing and quality downgrades.

In the US, there is greater transparency through the Packers and Stockyards Act.

The Aus-Meat standards applied in Australian meatworks are applied inconsistently and temperamentally. They desperately need an overhaul.

More generally, Australia's competition laws should be strengthened, such as through an effects test and divestiture powers, to reflect a more concentrated marketplace.

Next year, the government will respond to the Harper Review of Australia's competition laws.

John Kenneth Galbraith observed that ownership of land was for centuries the symbol of power when food production was a larger share of production.

But in the past 200 years the owners of capital have supplanted the role of the owners of land.

**QUEENSLAND  
Country Life**

*This article was published in Queensland Country Life 4 December 2014*

## Red meat inquiry

The Senate inquiry focussing on the effect of market consolidation on the red meat processing sector is well underway.

The inquiry is examining the potential for misuse of market power through buyer collusion and the resultant

effect on producer returns. This can significantly impact on farm-gate income.

We want to hear from industry participants. This is the opportunity for anyone with concerns about how the processing sector operates to have those concerns heard.

There is one public hearing for this

inquiry scheduled in Queensland: at Roma on August 4. The Inquiry is scheduled to report by March 2016.

For more information, go to [www.aph.gov.au](http://www.aph.gov.au) and then click on "Senate Committees" and follow the links to the Committee and finally to the heading "Effect of market consolidation on the red meat processing sector".

# Western Queensland in the grip of drought



In May, I visited Barcaldine and Longreach to personally talk to those affected by the severe drought. It isn't just farmers facing a tough time: there has been a massive flow-on affect to local townspeople as well. For example, a baker in Barcaldine told me his turnover is down about 30% on the previous year.

The Longreach township is also suffering, with many businesses cutting back staff hours to try to cut costs. Some businesses are starting to close, which is devastating to the community: once those people leave, it is possible that few of them will come back. Unemployment numbers have doubled in the previous 12 months and school numbers have dropped dramatically.

A major issue for sheep graziers is the wild dog problem. Numbers are increasing and current measures are not effective. The shires are currently investigating forms of fencing in an effort to better control the dogs.

Sheep numbers are already low due to drought and dogs are a real problem for the sheep that are left.

The recent drought measures announced in the May Budget of extra funding for pest and weed management, including dog fences and culling, will help here. Other much needed drought measures include over \$300 million for drought concessional loans, extra funding for town and water infrastructure and more social and community support and counselling for drought-affected farming families and communities.

The water infrastructure package offered by the Federal Government has been taken up by a lot of people in spite of the tough financial conditions many are facing.

And there has been another spot of good news. ABC Rural has reported that grazier Pat Hegarty, from Colanya Station west of Longreach, recently received his best-ever price: an average \$1,668 a bale for 58 bales of wool averaging 18.8 micron. As he told the ABC, that's the sort of result that keeps graziers going despite drought and wild dogs.



*A shed meeting at "Dunraven" outside Barcaldine was a chance to meet local property owners*



## Councils meet in Hughenden

Recently, I travelled to Hughenden with fellow Senator Barry O'Sullivan to speak at the Western Queensland Local Government Association conference.

WQLGA Councils cover a vast area of our State, and, along with the "roads, rates and rubbish" that are the core responsibilities of local government everywhere, have extra challenges generated by the distances and isolation that so often separate communities in western Queensland.

It was a valuable opportunity to hear firsthand from a number of western local government leaders about current issues, and is part of an ongoing conversation about how the federal government can assist with provision of infrastructure and services in the more remote parts of Queensland.

## No barrier to Connors Dam

Good news for Central Queensland: construction of the proposed Connors River Dam does not need to be delayed because of potential impacts on the white-throated snapping (WTS) turtle, better known as the "bum-breathing" turtle.

Media reports late last year suggested the proposed dam would threaten the habitat of the WTS turtle, with one researcher saying consideration had to be given to turtles when dams were proposed. In fact, turtles have been given very extensive consideration in the Connors proposal.

The Connors River Dam has been through an extensive environmental approval process at both the Federal and State Government level, has all the required environmental approvals and is ready to be built as soon as possible.

Postscript: The WTS turtle derives its other common name from the extraordinary fact it can breathe underwater by taking in oxygen through its cloaca, or bum.

## ABC city-centric

Figures released to the Senate Committee on Environment and Communications have revealed that only 14% of ABC journalists are based outside capital cities and 40% are based in Sydney. This is despite the fact that more than 30% of Australians live outside capital cities and only 20% live in Sydney.

These figures show that the ABC's relationship with regional Australia is a long distance one. The ABC should be a broadcaster that fills gaps in the media marketplace. There are already a multitude of commercial media outlets in the capital cities. If anything, the ABC should have more people in the regions.



# Sugar marketing code of conduct recommended by PM's taskforce

A mandatory code of conduct for the sugar industry has been recommended by the Commonwealth Government's Sugar Marketing Code of Conduct Taskforce.

The Taskforce – chaired by Mackay-based MP George Christensen – investigated competition and marketing issues facing the cane sector. This followed moves by foreign millers to exit traditional arrangements with Queensland Sugar Limited.

The Taskforce was established at the behest of Prime Minister Tony Abbott and Agriculture Minister Barnaby Joyce in December last year, and delivered its report to the PM, Agriculture Minister and Small Business Minister Bruce Billson on June 25.

The Taskforce recommended a mandatory code of conduct that addressed the following key points:

- A mechanism to distribute relevant interests in the quantities of sugar obtained from cane between growers and millers;
- a link between the price paid for cane and the selling price of sugar;
- the ability to choose marketing services;
- non-discriminatory provisions; and
- a mechanism to resolve disputes



*After release of the sugar marketing taskforce report, a joint media conference was held with George Christensen, Warren Entsch and John Williams*

As George told a media conference on the day of the report's release, the overarching fact is cane growers operate in markets which are not truly free, because, by and large, growers are forced to sell their product to a single monopoly miller.

The overreach by millers, in seeking to further entrench a lack of competition in the market by monopolising the marketing of sugar, has caused widespread anxiety about the future of the industry.

"If we let this go through to the keeper, if we do nothing, we're going to let the sugar industry devolve into a feudal-like system where the farmers are the peasants and the millers are the landlords, as it exists in many other parts of the world where foreign-owned millers do business," he said.

In a separate report on June 24, the Senate Select Committee on Rural

Regional Affairs and Transport, chaired by Labor Senator Glenn Sterle, also recommended the Commonwealth Government develop and implement a mandatory sugar industry code of conduct. It pointed to the work of the Taskforce as a potential foundation on which the code of conduct could be established.

The Sugar Marketing Code of Conduct Taskforce was made up of MPs who represent cane growers in Queensland and New South Wales, including Warren Entsch, Luke Hartsuyker, Kevin Hogan, Michelle Landry, Ian Macdonald, Ken O'Dowd, Barry O'Sullivan, Keith Pitt and John Williams, as well as Ministers Warren Truss, Barnaby Joyce and Bruce Billson. I was very pleased to be a member of the Taskforce and also take part in the Select Committee inquiry: sugar marketing is a vitally important issue for Queensland sugar growers and the many communities that rely on them.



# Talking sugar and making vows

**Matt Canavan**  
Queensland Senator



Liberal National Party

DECIDING to grow sugar is like deciding to get married and have kids. Both raise bilateral dependency and asset issues.

Once married, you're locked in, or at least it's hard to redeploy. Likewise with growing sugar. In theory you can grow other crops, but in practice those other crops severely reduce the value of your land, and there is little choice but to send your sugar to the closest mill. This co-dependency is both good and bad.

It is good because once a marriage is made, or a cane supply agreement is signed, each party may be more willing to invest in assets which are productive but specific to the relationship, such as kids or a centre pivot. It is bad because, once the parties are locked in, each has the incentive to act opportunistically, to take advantage of each other's dependency and investment in assets specific to the relationship.

There are inventive contractual tricks that promote co-operation over opportunism. In marriage, pre-nups and no-fault divorce are examples. In the commercial world, third-party dispute resolution, co-investment and vertical integration are common, and all have been used in the sugar industry.

Until recently, most mills were co-operatively owned by canegrowers. This aligned the incentives between the mills and growers so as to completely remove the benefits of opportunistic behaviour. But co-ops limited investment in mills to the resources of growers, so over the past few decades most mills have been sold to private in-



## WILMAR BACKGROUND

WILMAR owns eight of the 24 Queensland and northern NSW mills and produces more than 40 per cent of sugar output. It announced last year it wanted to scrap these arrangements. Instead, it wants to market the sugar itself and remove growers from joint marketing. To reassure growers, Wilmar proposes a joint marketing company to give growers some transparency over marketing.

vestors so that equity can be injected.

Nonetheless, a co-dependent relationship was maintained through the notion of grower economic interest – a feature of Australian sugar markets for a century. Canegrowers had a stake in sugar sales beyond their own farm gate. In practice, it was characterised by two main features. First, that returns to growers were dependent on the net sale price of sugar, and thus that they had a co-interest in ensuring a productive milling process, marketing and supply chain. Second, through the use of a jointly-owned marketing company, Queensland Sugar Limited, both growers and millers had control of the premiums that could be received for Australian sugar and the costs of marketing and achieving those premiums. (In total, these amounts can add up to a third of the value of the sugar sold.)

These arrangements have helped to keep interests between growers and millers aligned in the decade since single desk marketing arrangements were

scrapped. It was an elegant solution to a common economic problem.

To paraphrase Burdekin cane grower Steve Kirby at a recent Senate inquiry hearing: "The very fact that Wilmar is proposing to establish these auditing requirements shows there is a problem."

Co-dependency is also seen in the supply of coal to ports or power stations. The famous 32-year contract between Nevada Power and Northwest Trading stated: "In the event an inequitable condition occurs which adversely affects one Party, it shall then be the joint and equal responsibility of both Parties to act promptly and in good faith to determine the action required to cure or adjust for the inequity and effectively implement such action".

Good advice for anyone wanting to stay married, and also why most ports are regulated. Wilmar wants to maintain such regulation on its access to bulk sugar terminals, yet it does not want regulation of grower access to its mills. It would be best that courts or parliament had no involvement in sugar contracts. But with no reconciliation, it is legitimate for government to set rules for mutually beneficial outcomes.

## QUEENSLAND Country Life

*This article was published in Queensland Country Life 26 March 2015*

## Eggsciting news

A draft national standard on egg labelling is being prepared for consideration by Federal and State Ministers responsible for consumer affairs.

After a meeting in June, Commonwealth Small Business Minister Bruce Billson said Ministers agreed further policy intervention

is required to enhance consumer confidence and certainty regarding egg labelling: "It is important to provide producers and retailers with greater clarity on what consumer regulatory agencies will consider not to be false and misleading representations."

This is an important issue. About 400 million dozen eggs are produced by Australian growers annually and the

average Australian consumes 220 eggs a year. Consumers have a choice of "cage", "barn" or "free-range eggs" but there is no national standard for free-range eggs.

The Australian Competition and Consumer Commission has launched legal action against a number of free-range egg producers for allegedly breaching a standard that doesn't exist in legislation or law.

# Reef protests a “Trojan horse” to ban coal mining and exports

Opposition to the Federal Government’s Reef 2050 plan is blatantly aimed at banning coal mining in Queensland.

Increasingly, protests about the Great Barrier Reef look like a Trojan horse really meant to force an eventual ban on coal mining in Queensland. That is certainly the case with opposition to the Reef 2050 Long-Term Sustainability Plan for the Great Barrier Reef, jointly developed by the Australian and Queensland Governments.

This 35-year plan will secure the Great Barrier Reef as a place of Outstanding Universal Value on the World Heritage List by addressing the challenges it faces now and into the future, and sets clear priorities and targets.

It anticipates spending of more than \$2 billion over the next decade alone on reef management and protection. However, environmental activists see agitating about the Great Barrier Reef as a key strategy in their campaign to ban coal-mining and they will never be satisfied.

For example, Greenpeace have attacked it as a “weak plan”. Why? Well, the answer comes down to coal: they claim the plan “allows for massive coal port expansions”.

The Greens party – who are actively hostile to coal mining – have attacked



*Inspecting coal loading facilities with Member for Dawson George Christensen. Ending coal exports - at a cost of thousands of jobs - is a clear goal for a number of environmental activist organisations.*

the plan because, quote, “It won’t stop the Reef becoming a coal ship super highway”.

Greens environment spokesperson Larissa Waters claims “coal exports ... will cook the Reef and the planet” and that “The Abbot Point expansion for Galilee Basin mines is set to see this World Heritage Area become a highway for coal that will destroy it further”.

This sort of opposition to the 2050 plan is just hysterical nonsense and – apart from threatening mining jobs and income vital for Queensland’s economic wellbeing – will also damage the Great Barrier Reef’s reputation as a pristine tourist destination.

Along with Queensland Senator Barry O’Sullivan, I moved a motion in the Senate seeking support for the Reef 2050 plan and noting that opposition to this plan is now blatantly focused on stopping coal mines 500 km inland from the Great Barrier Reef (GBR), not protecting the GBR per se.

We called on the Senate to support the Australian and Queensland Government’s investment and campaign against the listing of the Great Barrier Reef as “in danger” by UNESCO, given that Government efforts have now addressed the key areas of concern raised by the World Heritage Committee and that such listing would cause great harm to tourism industries.



The Galilee Basin is 500 km from the GBR, is located on the western side of the Great Dividing Range and rainfall in the area flows towards Lake Eyre, not the Reef.

The Greens seem to not understand or, worse, actively mislead, about basic facts on the environment. The coalfields of Upper Mongolia would have about as much direct impact on the Reef as the Galilee.

It should be noted that the motion was supported in the Senate, being carried on the voices – though the Greens asked that their opposition to the motion be recorded.

## ABC “push polling”

It was disappointing to see the ABC “push polling” in its online questionnaire, Vote Compass, before the January 31 Queensland election. The questionnaire indicated the Government allowed mining in the waters around the Great Barrier Reef.

The question represents a classic case of “push polling”, where a particular view is pushed in the guise of a question. The ABC’s Vote Compass poll asked: “How much mining activity should be permitted in the waters around the Great Barrier Reef?” The options for a voter’s response were:

“Much less”, “Somewhat less”, “About the same as now”, “Somewhat more”, “Much more” and “Don’t know”.

That indicated to any reasonable person the Queensland Government allowed mining in Reef waters. In fact, mining in GBR waters is completely prohibited under the Great Barrier Reef Marine Park Act 1975.

The ABC’s refusal to amend the questionnaire will have left many people once again asking themselves the usual questions about the ABC’s standards of objectivity and neutrality when it comes to election matters.

## Great Barrier Reef not “in danger”: UNESCO

It is great news that the World Heritage Centre has acknowledged the significant and unprecedented work undertaken by the Commonwealth and Queensland Governments and recommended against the Great Barrier Reef (GBR) being listed as “in danger”.

This comes despite round-the-clock lobbying from some environmental activists to talk down the health of the Reef and encourage its listing on the “in danger” list.

It gives the lie to activists’ exaggerated claims and also demonstrates to Australians and the world that those groups have been “crying wolf” with no concern about the impact their claims could have on the tourist and related industries and the thousands of people who reply on them.



*Greenpeace Australia Pacific CEO David Ritter and I discussed the health of the Great Barrier Reef - and Greenpeace advertising - on “Weekend Today”. (Also see the article on page 23 regarding Greenpeace advertising.)*

The World Heritage Committee acknowledges the strong response that Australia and Queensland have put in place through the development and implementation of the recently released Reef 2050 Long-term Sustainability Plan.

This includes the recent announcements of more than \$200 million in additional funding (\$100 million from each government) which brings the projected investment by both governments to well over \$2 billion over the next decade.

# Protests should not be tax-deductible

I recently made a submission to the House of Representatives Inquiry into the Register of Environmental Organisations. The inquiry is timely, given the extensive public debate about the appropriate role for non-government environmental organisations whose activities are subsidised by the Australian taxpayer via the Register.

It is appropriate organisations may protest against political parties, philosophies and activities that offend them. It isn't appropriate such protests are funded by concessions from taxpayers who don't share their views.

Arguments that more stringent requirements on registered organisations would amount to an "attack on democracy" are wrong-headed. Democratic rights do not extend to requiring taxpayers to unwittingly fund political debate and activity. Free speech does not necessitate free funding.

My staff and I have conducted an audit of a subset of organisations on the Register. A majority of organisations on the Register are focused on practical initiatives directed at "on-the-ground" improvements.

However, among a sizeable minority, there exists an endemic culture of politicisation, protests and, for some, flagrant lawbreaking to further political aims. A sample of just over 100 of these organisations collectively received around \$106 million in

donations in 2014.

More than 80% of this group have either promoted or been involved in protests and demonstrations, and one half support divestment initiatives or legal action against certain developments.

Around 12% of organisations were involved in unlawful activities of some form. Some organisations boast of breaking the law and ask for tax deductible donations to pay the fines and penalties that are imposed for unlawful acts.

I have made a number of recommendations in my submission.

The Commonwealth Government should commission an audit of organisations that appear to engage in such activities because organisations should not receive unconstrained tax deductions to help them break the law or engage in highly politicised campaigning.

The Government should issue guidelines to clarify the meaning of

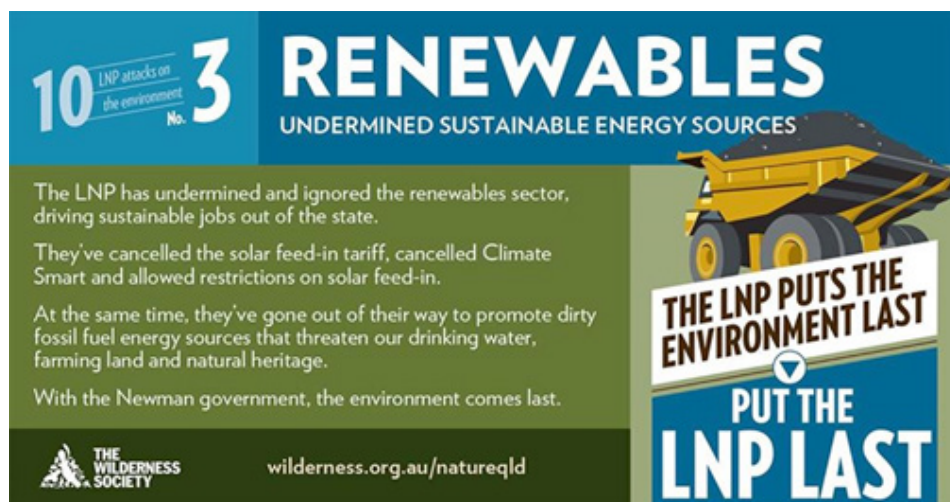
the "principal purpose" test. These guidelines should draw on overseas experience and should:

- include a list of activities that are permissible and those that are not; and
- prohibit premeditated, material or significant unlawful activities, the soliciting of donations to pay for fines, the making of demonstrably misleading statements and supporting or opposing political parties or candidates.

Registered organisations should provide more information on an annual basis, including financial statements, what they have done to meet the principal purpose test and criminal charges or convictions against staff or volunteers.

A small fee should be charged to large registered organisations to help fund greater monitoring and enforcement activities.

For a copy of the submission, go to: <http://bit.ly/1Qv4Sok>



An advertisement from the 2015 Queensland election.



# Greenpeace exploits the Great Barrier Reef



Recent events surrounding the Great Barrier Reef have made one fact very clear: the Reef doesn't need Greenpeace but Greenpeace needs the Reef. Greenpeace is exploiting the Reef to make money. Greenpeace is a multi-national corporation that exploits the Great Barrier Reef for millions of dollars a year in public donations.

Greenpeace constantly claims the GBR is in danger, urging people to donate to Greenpeace to help save the Reef. The Reef will do fine without Greenpeace but Greenpeace stands to lose millions when people realise the Reef is okay.

Greenpeace is prepared to trash the reputation of the Great Barrier Reef and Australia – and threaten jobs in tourism and related industries – for the sake of making cash.

This has been demonstrated by recent

Greenpeace advertising in London for urgent donations to protect the Reef. A Greenpeace billboard showed a multi-clawed dredge bucket poised over a coral outcrop, with the words "Don't let it be destroyed". It's straight-out scare-mongering for the sake of raising money for Greenpeace. It's a disgrace.

Previously, Greenpeace used false advertising – which could put much-needed Queensland jobs at risk – by substituting a photograph of a reef in the Philippines damaged by



Another recent Greenpeace ad featured a photograph of coral in the Philippines (right) that had been devastated by a typhoon.

*This billboard advertisement by Greenpeace was recently placed in the London train network*

typhoons in an advertisement about the Great Barrier Reef.

I have called for Greenpeace to be struck from the list of organisations able to receive tax-deductible donations because the organisation has repeatedly and blatantly broken the law. In Australia alone, Greenpeace raised more than \$19 million in public donations last year and employs some 60 permanent staff.



# Massive opportunity for Northern Australia



The White Paper on Developing Northern Australia launched in June represents a massive opportunity for Queensland communities above the Tropic of Capricorn.

The Commonwealth Government has signalled its determination to develop northern Australia and regions should now press their case for infrastructure and other development projects. This is going to create a sort of Brisbane line in reverse: towns will benefit from being above the Tropic of Capricorn because there are so many opportunities in the north that can be realised. The Government is determined to unlock the potential of this vast region, great news for communities and industries up here.

As announced in the 2015-16 Budget, the Commonwealth Government will establish a new Northern Australia Infrastructure Facility, with \$5 billion in concessional loans available for projects through the Northern Australia Infrastructure Facility.

I am particularly pleased to see a strong commitment to roads in the White Paper. The Commonwealth Government will commit \$600 million over five years for priority road projects in northern Australia.

*Prime Minister Tony Abbott launching the White Paper on Developing Northern Australia with northern-based Members of Parliament.*

To download a copy of the White Paper, go to: <https://northernaustralia.dpmc.gov.au/>

## Certainty, growth for renewable energy

The Senate has passed a Renewable Energy Target (RET) that will result in more than 23.5% of Australia's electricity being derived from renewable sources by 2020.

We are protecting industry and jobs by providing a 100% exemption for Emissions Intensive Trade-Exposed

industries from costs associated with the RET. As promised, there will be no change to household solar.

The RET includes biomass as an eligible form of renewable energy generation. This allows waste that would otherwise be burnt or rot on the floor of the forest to generate



*Local residents have talked to me about concerns over a proposed wind farm at Mt Emerald on the Atherton Tableland.*



# Canavan: Nation must move north

**Matt Canavan**  
Queensland Senator



Liberal National Party

THE federal government will this week release its northern Australia white paper.

It is the first time in decades that a government has focused on developing a new frontier of our nation.

Already it has created a sort of Brisbane line in reverse.

Cities and towns are now desperate to be above the north of the tropic of Capricorn because there are so many opportunities in the north of our nation.

Australia must move north. Right now, our population is too clustered in the south and in the cities.

Despite our collective sentimentality for Dorothea Mackellar's 'land of sweeping plains', few people live on them.

About 60 per cent of Australians live in just our five largest cities.

All of those are on the seaboard and none of them is in northern Australia.

Compare that with the US, where the top five cities house 5pc to 15pc of their population, depending on how you draw the boundaries of their cities.

The reality for most Australians is the gritty city of Banjo Paterson where "hurrying people ... shoulder one another in their rush and nervous haste".

The cities that Banjo found crowded more than a century ago have become far more bustling since then and are forecast to become even more so.

The current populations of Sydney and Melbourne are already more than four million each.

The inter-generational report predicts Australia's 2050 population will hit

The cities that Banjo found crowded more than a century ago have become far more bustling since then.

40 million, and the Australian Bureau of Statistics projects Sydney and Melbourne both topping eight million, and Brisbane and Perth 4.5 to five million each.

A proper regional development policy then must focus on developing areas outside our capital cities.

I don't think the people of Sydney, Melbourne, Brisbane or Perth want twice as many people stacked up in those cities, so regional development is something in the national interest.

Regional Australia policy is not charity: it is essential, visionary and fair.

Regionalisation also offers the prospect of a more affordable lifestyle.

The latest Real Estate Institute of Australia data show the median residential property price in Sydney is \$930,000 and Melbourne \$688,000.

Across all capital cities it is \$659,000.

In all the talk of affordable housing, an alternative source of housing sometimes forgotten is regional Australia.

For example, the median price of properties in Cairns is \$390,000, in Townsville it is \$350,000 and in Rockhampton it is just under \$300,000.

We cannot, and should not, force people to move, but we can create the opportunities and jobs that will encour-

age a move from expensive housing in Sydney to a better life-style and lower cost of living in the north.

There is plenty of room for growth: just 5pc of Australians live north of the tropic of Capricorn.

Of Australia's 17 cities with populations more than 100,000 people, only three lie in northern Australia – Townsville, Cairns and Darwin (and they rank 14, 15 and 16 respectively).

Northern Australia does hold enormous potential.

It already provides fantastic mineral wealth and can yield far more in future.

Primary industries based in northern Australia earn the nation billions of dollars in export earnings, and promise more still through innovation and irrigation.

Sixty per cent of the nation's rain falls in the north.

It is important we focus as a nation on using water where it falls.

The idea of sending water from north to south is a mirage.

Water is very expensive to transport.

I look to the release of a white paper that identifies ways to capitalise on northern Australia's strengths, to provide the best regulatory and economic environment for business, and to identify critical infrastructure for long-term growth, public and private planning, and investment.

Then, for Australians crowding the crescent of cities in the south, northern Australia may appear a beacon for those huddled masses yearning to breathe free.

**QUEENSLAND  
Country Life**

*This article was published in Queensland Country Life 18 June 2015*

power and reduce emissions.

I have been part of a Senate inquiry into wind turbines and through the course of the inquiry I have become concerned about the potential impact of wind turbines on human health.

We do not have a good understanding of the science but many residents that live close to wind turbines report

headaches, trouble sleeping and other health impacts.

There is emerging evidence that the kind of infrasound and low frequency noise emissions from wind turbines may be harmful to some people.

The Greens attempts to belittle people's concerns are deplorable and reveal their hypocrisy, given

they apply a very different scientific standard to other health concerns, say with GM crops.

I welcome the Government's support for more research in this area including by the establishment of an independent scientific committee to look into the issues and the creation of a wind farm commissioner to handle complaints.

## Aerial mustering breakthrough

The Civil Aviation Safety Authority (CASA) has changed its new requirements for low-level flying. This is a breakthrough for pilots in aerial mustering.

CASA has announced the planned 12-month flight review requirement for the low-level rating has now been extended to 24 months. Also, because of concerns about the new requirement to maintain a minimum of two hours of low-level flying over six months, this requirement has been removed.

It is a breakthrough for aerial mustering pilots and has been warmly welcomed. This is an issue I took up on behalf of the cattle industry and I very much welcome CASA's change of heart on its new rules. I applaud the efforts of the cattle mustering industry who mobilised their opposition to the proposed changes. They can take the credit for delivering these changes.

This CASA decision follows a motion passed at the LNP State Council in November calling on the Federal Government to review the impact of the then recently-introduced regulations on pilot licences.

It was clear that CASA did not conduct sufficient consultation with the helicopter mustering industry and needed to go back to the drawing board with the regulations. The new regulations tried to align Australia's pilot training requirements with

international standards. The problem is the remoteness and dangers of helicopter mustering are largely unique to Australia.

Also, I heard many concerns relating to the costs of additional training requirements and the potentially dangerous consequences of the regulations.

Now, CASA has acknowledged the concerns from the helicopter industry in particular with the low-level rating, where there would have been minimal safety benefits from the new requirements but a lot more paperwork and administrative issues for pilots and air operators.

However, because mustering is a higher-risk activity, there are "recent experience" requirements for pilots. Aerial mustering pilots will be required to have a minimum of 20 hours of aerial mustering operations in the preceding 12 months. If mustering pilots cannot meet this requirement, they can complete a flight review, proficiency check or flight test that includes aerial mustering.

Pilots and air operators should continue taking concerns about the regulations to CASA. CASA has said it will listen to industry views and consider if the regulations can be improved. It has promised that, where there are unintended consequences, these will be addressed as quickly as possible.

## More scrutiny on ag land purchases

The Commonwealth Government has announced increased scrutiny and reporting of foreign purchases of agricultural land.

We will continue to welcome foreign investment but the community must have confidence that this investment is coming in on our terms and for our nation's benefit.

The new measures include:

- reducing the screening threshold from \$252 million to \$15 million; and
- establishing a foreign ownership register of agricultural land to strengthen reporting requirements and provide a clear picture of foreign investment in Australia's agricultural sector.

The new \$15 million screening threshold came into effect in March and applies to the cumulative value of agricultural land owned by the foreign investor.





## SBS biased against traditional marriage

SBS has demonstrated bias against traditional marriage. The decision by the public broadcaster earlier this year not to air an advertisement promoting traditional marriage was wrong. SBS has fallen down in not airing this ad and has left people questioning the independence of SBS on the issue.

I questioned SBS Managing Director Michael Ebeid and Chief Content Officer Helen Kellie on the decision during Senate estimates hearings in Canberra.

In evidence to the estimates hearing, SBS confirmed that in fact they would have put to air an advertisement in favour of same-sex marriage, while refusing to air an advertisement in favour of traditional marriage. That admission directly demonstrates interference in free speech, self-censorship and political selectivity – in other words, bias.

The SBS decision is remarkable. SBS is a public broadcaster using public money but clearly favours one side of the argument over the other. SBS is meant to be fair and balanced.

SBS operates courtesy of generous funding from all Australian taxpayers

and it is appropriate that significant community views are allowed to be aired. The point here is not whether this advertisement was for or against traditional marriage versus same-sex marriage but the fact that an advertisement supporting a position held by a large number of Australians was not allowed to air.

Both Channel Seven and Channel Nine put the ad by the Australian Marriage Forum to air on the same night in March that SBS refused to broadcast it. This self-censorship by the SBS is a worrying indication that the organisation is biased against traditional marriage in its editorial and advertising policies.

## Mornington Island visit



*Meeting local school students with Nigel Scullion and Barry O'Sullivan.*

I was fortunate to be able to visit Mornington Island earlier this year. I joined fellow Senators Nigel Scullion, Minister for Indigenous Affairs, Fiona Nash, Assistant Minister for Health, and Barry O'Sullivan to meet local residents and discuss a wide range of issues.

A full-day itinerary covered issues that included education, employment, health and justice. We heard about an idea to revive cattle-raising on Mornington and other islands in the Wellesley Group that could provide increased income for local families and training opportunities for young people.

### Contact

For more information about any of the articles or issues raised in this edition of Central Bulletin, please contact me at the addresses or numbers below. For the latest news and views - including media releases and opinion articles - check out my website and Facebook page and follow me on Twitter.

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## Net-fishing ban would cost CQ jobs

If the new Labor State Government is serious about creating jobs in CQ, it will back down on its plan to remove jobs in the commercial fishing sector through shutting down fishing areas.

The proposed ban on commercial net fishing in certain areas is a ludicrous, purely political move that will cause local families to lose their livelihoods. Labor has announced this policy without proper industry consultation. It will have a very real impact on local jobs and the economy.

Yeppoon, Rockhampton and the broader region is an important commercial fishing centre. The area has already been hit by one natural disaster; we don't need a government-



Senator Barry O'Sullivan and I met with CQ fishermen and marketers to hear their concerns over proposed net fishing bans.

imposed disaster on top. There is no reason a strong commercial fishing industry can't continue to coexist with a vibrant recreational fishery. It's already hard enough to buy Australian seafood at the shops. We currently import more than 70% of our seafood needs despite having the world's third largest ocean territory.

The Fitzroy region accounts for around a third of all of the wild barramundi caught on the eastern coast. Most Australians want to eat more Australian seafood, not seafood from overseas. Labor's plan will make it harder for Central Queenslanders to eat local seafood.

## Federal funding for CQU health centre

Rockhampton is set for a health kick, according to Central Queensland University, with work underway on a new Allied Health Teaching Centre at CQU's Rockhampton North campus.

Earlier this year, I joined Michelle Landry, Member for Capricornia, and Vice-Chancellor Scott Bowman to unveil detailed plans for the project.

Professor Bowman said the \$7.6 million federally-funded project will see CQU's aging Building 34 get a full refurbishment, with a state-of-the-art



CQUUniversity Vice-Chancellor Scott Bowman, Senator Matt Canavan, Michelle Landry MP and CQUUniversity Associate Vice-Chancellor Kim Harrington outside the construction of the university's new Allied Health Centre

fit-out for practical learning across various allied health disciplines.

It is one of five key Education Infra-

structure Fund projects to be carried out through the Commonwealth Government's \$73.8 million support for the merger of CQU and CQ TAFE.

Front cover photo: Spending time with a champion from Queensland – Viva Mario, prize-winning bull from Viva Brahman Stud, "Lumeah", Middlemount – and his owners "AJ" and Pam Davison at the Beef Australia 2015 expo in Rockhampton. (For more about Beef Australia 2015, see the article on page 10.)