

Not so long ago, new South Australian independent senator Tim Storer and Victorian crossbencher Derryn Hinch were set to be the pivotal players determining the fate of the government's tax cut for big companies.

But after the evidence from the banking inquiry Hinch's doubts about the measure hardened further, while Storer continued to [agonise](#) .

The government then looked towards the Centre Alliance senators, Stirling Griff and Rex Patrick, for the two crucial numbers it needed. The rest of the votes were in the bag.

Only it turned out they weren't. Pauline Hanson, who commands three Senate votes and thus a veto, has suddenly withdrawn the support she earlier pledged. Hanson has flipped-flopped before but she insists this is for real – that she won't change her mind again.

Hanson says she's "so disappointed in this government" after the budget it produced. She has a litany of complaints: inaction on debt; intransigence on immigration; the absence of changes to the petroleum resource rent tax; no appearance of promised apprenticeships, and many more.

Hanson denies her reneging is driven by her political needs in the Queensland seat of Longman, though that claim lacks credibility. Tax cuts for the wealthiest companies, including the banks, would hardly appeal to potential One Nation voters, and this byelection will be a test for Hanson's party, just as it will be for Labor and the Coalition. Bill Shorten had already been exploiting her closeness to the government.

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As much as the Senate is unpredictable, this does look like the end of the government's chances of getting its company tax package through parliament before the election.

Senate leader Mathias Cormann, the government's chief negotiator, said he hoped "that this is not the last word" but admitted "it might well be that we won't ever get there".

Once again, Shorten has had a lucky break. The tax cut for big companies, which Labor has strenuously opposed, is still on the political agenda. If the Senate had passed it, Labor would have a diminished target.

It also remains on the books. Admittedly the cost is way into the future, but in these times when parties like to talk in terms of a decade, those notional future dollars are useful to Labor.

Also, if the package isn't passed, Labor doesn't have to cope with the question: how can you be sure a Shorten government could persuade a post-election Senate to repeal the cuts?

Most immediately, the opposition on Tuesday was making merry with questions about what "secret deal" the government had with Hanson to try to get the company tax cut through.

A Senate estimates hearing saw an angry clash between Labor's Senate leader Penny Wong and Cormann, when Wong pursued whether the government was willing to meet Hanson's various demands. As she went through these, Cormann retorted "I know that you always like channelling Senator Hanson".

Wong, of Asian heritage, responded ferociously: "Don't tell me I channel Pauline Hanson. I find that personally offensive. I can tell you what happened to me and my family and people like us, when she stood up in the parliament, possibly before you were here, saying Australia was in danger of being swamped by Asians. I will never do anything other than fight her."

Cormann accused Wong of "confected outrage"; Wong countered "How dare you!".

But a few hours later the two had made up.

Wong [tweeted](#) : “I will never do anything other than stand up to Pauline Hanson and her views, but I know Mathias is one of the decent people in this Government and accept his assurance he did not mean to cause offence.”

Cormann [replied](#) : “While we are fierce political competitors, I value the fact that we always aim to engage in the political contest professionally and with courtesy and mutual respect.”

It’s notable how much genuine respect Cormann commands in a parliament characterised by the lack of it.

Hanson went out of her way to stress she wasn’t blaming Cormann for anything - “his colleagues and the government” had let him down, she said. She told her news conference, “I know he’s devastated”, and she’s said to be genuinely upset that she’s left him in the lurch.

The government says that if there’s not a new turn of Senate fortunes, it will take the company tax policy to the election.

Although some argue the measure should be ditched, which is the superficially attractive course, that would potentially bring fresh difficulties. Not only would it open a brawl with business, but it would undermine the economic argument the government has been making for two years. Killing an albatross can be a dangerous business.

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It would, however, be popular with the public. Tuesday's Essential poll reported that when people were asked which in a list of measures they would support to cut government spending, the top item nominated (on 60%) was "not providing company tax cuts for large business".

The [Essential poll](#) brought mixed news on the tax front for the government.

Asked to choose between the budget's income tax plan and the alternative outlined by Shorten in his budget reply, Labor's plan was preferred by 45% to 33%. On the other hand, Labor and the Coalition were equal (on 32% each) when people were asked which party they trusted most to manage a fair tax system.

Particularly interesting was the poll's voting figure. The two-party Labor lead has now narrowed to 51-49% (compared with 52-48% in the last poll). This is the closest result since late 2016, and in line with the most recent Newspoll. It reinforces the point that the contest is tightening.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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