

**TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008
A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—
GENERAL) AMENDMENT BILL 2008
A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—
CUSTOMS) AMENDMENT BILL 2008
A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—
EXCISE) AMENDMENT BILL 2008
Second Reading**

[Mr ROBERT](#) (Fadden) (12.13 p.m.)—It is a great privilege to be in the chamber here this morning with the member for Moncrieff and the member for McPherson. The three of us represent the Gold Coast, the sixth largest city in Australia. The Gold Coast is also home to more small to medium enterprises than any other commensurate city in the nation. I think we, the three members for the Gold Coast, speak as one voice when we stand appalled at what this government has done. I think we speak with one voice when we represent the largest concentration of small to medium business owners who will be impacted by this outrageous increase to a tax that has been ill-conceived, ill-thought through and rushed.

There is a maxim that forewarned is forearmed. I am a new member of parliament, in fact the only new Liberal for Queensland. Prior to parliament opening we actually had a parliamentarian school here. The 42 new members of parliament—34 Labor, seven Liberal and one National—met in this chamber to look at the mechanics of how parliament works.

The Government Whip came in. The new Opposition Whip also came in. The Government Whip spoke to us about how the mechanisms and mechanics of parliament work. He talked about the whips being fundamental in ensuring that the process of government is smooth. The whips ensure that lists of speakers are maintained and that there is enough time to look and debate bills. He said that the whips work cooperatively to ensure that parliament works. That concept of the whips working cooperatively to ensure that parliament works has stayed with me as I have watched and learnt the mechanisms of this House and how it functions. You can imagine my surprise when late last night a range of bills were put forward to be debated on the floor of the House the very next day. You can imagine my surprise when there was no consultation between the Government Whip and the Opposition Whip as to how best the bills were to be managed and on the time all parliamentarians had to look at the bills and to decide on an appropriate course of action.

I then went to the *Bills Digest*, which the Parliamentary Library produces. I have enormous respect for the researchers of the Parliamentary Library and their ability to look at a bill, dissect it and provide unbiased non-partisan advice. I hold the Parliamentary Library in the highest regard. Yet *Bills Digests* were not available for these bills that were to be rushed through their second reading on the floor today and that we were only told about last night.

Appropriate shadow ministers had no opportunity to go through the [Tax Laws Amendment \(Luxury Car Tax\) Bill 2008](#). Backbench committees had no opportunity to review. And yet when 42 new parliamentarians were here in this place, the Government Whip had the hide, the audacity and the blatant effrontery to look me and the member for Isaacs—who is suddenly engrossed in something else—in the face and say, ‘We the whips will work cooperatively to ensure that this place functions and works.’

The DEPUTY SPEAKER (Hon. DGH Adams)—Order! Honourable member, before the chair is the [Tax Laws Amendment \(Luxury Car Tax\) Bill 2008](#). I ask the honourable member to come to the matter before the chair.

[Mr ROBERT](#)—Thank you, Deputy Speaker Adams. The question is: what is the government seeking to hide by introducing this bill into this place in such a manner? I refer the House to the front page of the *Australian*. I quote from Dennis Shanahan:

THE Rudd Government is prepared to review the \$555 million luxury car tax only two weeks after it was unveiled in the budget and even before the new tax laws are introduced into parliament.

The Government is to refer the luxury car tax to the review of the tax system being conducted by Treasury secretary Ken Henry, after calls from the automotive industry and the Government's declaration that 'taxes on taxes' were an anomaly.

Clearly, something happened between when the minister spoke to the press and informed the nation on the front page of the *Australia* as to what their intent was for this bill and sometime last night when they snuck it through for the second reading speech this morning. Dennis Shanahan then spoke to industry:

Federal Chamber of Automotive Industries chief executive Andrew McKellar told The Australian last night the car industry believed it was 'a tax on a tax which is on top of other taxes'.

It is surprising that he should be referring to this Labor government and its implementation of new taxes—indeed, there are \$19 billion worth of new taxes over the forward estimates. The article continues:

The fact is when you buy a new car people are already paying GST, then they are getting slugged luxury car tax on top of that,' Mr McKellar said. 'We think this increase in the rate of the luxury car tax is completely unnecessary and should be reviewed in the Henry review.'

The government agreed with that. I am sure that the responsible minister made it very clear to Dennis Shanahan and the *Australian* that it would be reviewed—except something happened.

I suggest that the minister had an amygdala hijack and thought that he would rush it through along with a whole range of other bills this morning. Why? Generally, when something is rushed, there is something to hide. The *Australian* article continues:

Mr McKellar said the luxury car tax had not kept pace with the market and now 'captured many more family cars than was intended, and this is another reason for it to be reviewed'.

Could it be that the front page of the *Australian* has also got headlines like 'Rudd twisted ACCC fuel advice', referring to the junior minister, Minister Bowen, coming out and misleading the House with respect to what the ACCC advice was, only to be put straight by the member for Wentworth? Could it be that this government was embarrassed by their response, embarrassed by the Adelaide declaration from the Prime Minister that there is nothing more he can do? Could it be that, to try and move the agenda and get petrol away from the spotlight, they have rushed this through—unconsciounable conduct compeltely contrary to what the whip told the 42 new members of parliament about how this placed work—simply as a smokescreen?

Let us be absolutely candid on this tax. The luxury car tax was introduced on 1 July 2000 when the GST was introduced and the wholesale tax was abolished across the board. On cars at the time, wholesale tax was 22 per cent and rose to 45 per cent on the value of a car above the luxury threshold, that threshold being \$55,720, wholesale tax inclusive. Thus, the original 25 per cent luxury car tax was designed to offset the removal of the wholesale tax and to ensure that there was no change. In fact, the price of more expensive cars, and cars in general, came down with the introduction of the GST. Since 2000, there has been no change to the luxury car tax rate, because it was not seen as a tax on a vehicle because that vehicle is expensive; it was seen as simply equalising out the loss of the wholesale tax—perhaps not dissimilar to the wine equalisation tax. I am

surprised that the Rudd government has not gone after that in the same way they have with ready-to-drinks.

Essentially, there was no change to the wholesale tax rate in the introduction of the GST. The portion of a car's price over \$57,123 is now subject to a 25 per cent tax, in line with the original wholesale tax and no change in the GST. But suddenly there is a change. Suddenly the minister, with an amygdala hijack last night, changed everything. Rather than put it through a review, he thought he would dump it on the House and rush it through as a smokescreen for Labor's incompetent handling of petrol. The revenue expected from this measure will be \$130 million in the next financial year, through to \$140 million in the outlying years. This incompetent government believes there will be no loss in revenue from the introduction of this extra tax—from 25 to 33 per cent. Indeed, it believes revenue will increase a further \$5 million to \$145 million in the outer year of the forward estimates. May I suggest this is a blatant grab for tax without any real thought. It does not take into consideration the loss of corporate tax receipts from companies that will begin to suffer because of the extra tax burden being put on purchases of these automobiles.

The government had 11 years in opposition—11 years to formulate a legislative agenda for when they won office. They are now in office. This parliament has sat for fewer than 30 days in the first six months. The Prime Minister has been overseas for almost a month during that time. This parliament's sitting program for the first six months demonstrates quite clearly a lack of a legislative agenda. You would have thought, after 11 years of contemplating that agenda, contemplating their view of the world, that when they gained power they would not need to dump a whole heap of bills on the parliament late at night and introduce them and move the second readings in complete contradiction to what the Chief Government Whip told the 42 new members of parliament. Why did the Chief Government Whip not come out during the pollie school at the beginning of the year and say, 'Look, if we want to screw things up, to hold up and to smokescreen the mistakes of our incompetent frontbench, we will do that'?

[Mr Kerr](#)—Mr Deputy Speaker, I rise on a point of order. This is far from the subject matter of the bill. I think it is quite discourteous to the Chief Government Whip, who extended a courtesy to all members by providing education, to characterise that very generous act in this manner. But that is an observation. My point of order goes to relevance.

The DEPUTY SPEAKER—The honourable member for Fadden will address the bill that is before the House. It is a very narrow bill. There has been some broader debate on tax, but the honourable member will address the matter before the chair. I have not heard any personal reflection on the Chief Government Whip.

[Mr ROBERT](#)—The reality is that approximately 105,000 cars are sold in Australia over the current \$57,123 amount. Approximately 90 per cent of them are imported. The majority of money made on selling cars is for the most part in the price of the new car, but this includes the servicing of vehicles. It does not take a rocket scientist to work out that increasing tax decreases purchasing power, which perhaps is what the Rudd government is looking for. If purchasing power is decreased, it follows by necessity that fewer cars are bought. If fewer cars are bought, fewer cars are serviced, fewer tyres are bought and fewer accessories for cars are bought, and this impacts on the workforce. If fewer cars are bought—less servicing, fewer accessories for cars, fewer tyres, less maintenance—it can only mean one thing: unemployment. It is well and truly reflected in the Treasury figures that 134,000 Australians will be unemployed because of this budget. This tax contributes, in part, to that number of 134,000 Australians. If you add in partners and a number of children, that makes almost half a million Australians. Working Australians—dare I use that much used term—will be turned into welfare Australians.

This will hurt dealers, salesmen, importers and servicing areas. It will hurt small business. The Gold Coast is a small-business capital of the nation. Many of those small businesses use a range of vehicles, including Taragos, which will now be taxed. Many constituents with disabled children or large families in the electorate of Fadden will now be disadvantaged because an extra tax has been placed on vehicles that they need to buy because they need the extra seat capacity, the extra room for accessories, the extra room to store equipment or the extra room simply to be able to make modifications to a vehicle in order to meet their needs. This is a slug on the very people that this government stood before—the Australian population—and said that they were there to protect and support. This is a fraud. This is a con. This is something that has been perpetrated on the Australian people. This is a tax which, in some part, is placed on people who can least afford it: the disadvantaged, those with a disability, who need modifications for vehicles. What do we say now to a family of three, four or five children, when one of the children has a disability and needs modifications made to a vehicle, in particular a large vehicle, to carry the whole family? Do we say, 'I am sorry, you are going to have to pay an extra \$3,000 or \$4,000 for your vehicle because the government thought it would raise more money'? It did not want debate on the subject; it just pushed it through late at night for a second reading the next day and flagrantly demanded it be passed in the House that same day.

This whole budget reeks of the politics of envy. It reeks of trying to give what this government thinks is a kick in the guts to those who are apparently wealthy. But the question is: what is 'wealthy' to this government? FBT charges have gone up, so you can no longer provide meal vouchers and cards to your staff without paying FBT. Laptops can no longer be purchased for purposes other than work, so families will stop buying laptops FBT exempt for their children. Isn't that a great advertisement for the education revolution?

Apparently, if you have a \$57,000 car you are wealthy. Means testing for solar panels means that a household earning \$100,000 is apparently wealthy. Apparently, the \$100,000 Medicare levy threshold and the \$110,000 childcare knocks out the wealthy. The threshold of \$150,000 for family tax benefit B and the baby bonus applies to the apparently wealthy, yet the upper tax bracket is \$180,000. What is it, government? What is it that you class as the 'wealthy' number? Because it changes right across the bracket, from the top tax bracket of \$180,000 to the solar panel rebate threshold of \$100,000—and, of course, \$50,000 is the cut-off for this new extra tax. What is the 'wealthy' number that you so vehemently want to punish? What is it about the politics of envy that leads this government to seek out those who, through incentives and hard work, have added to their earning capacity? What is it about these people that you want to punish?

What is it about small business that you want to punish? Companies in Fadden that use vehicles—and, get this, also produce solar panels, like Ecotech—are now being doubly hit. Their business is halving because this government has some problem with people working hard, using initiative, building on incentive and earning a reward from that. What is it? What do you not like about hardworking Australians who do well? What do you not like about small business in this country? Small business employs 50 per cent of Australians. What is it that you do not like about them? What is it that you do not like about the three Gold Coast seats of Fadden, Moncrieff and McPherson—the small-business capital of the nation? You want to punish that small-business capital with these ridiculous new charges, these ridiculous new taxes. Why is it that you spent 11 years in opposition and now have no legislative agenda and feel the need to rush something through? Because when you rush it through you are hiding something. What is that? What is it that is driving this government towards these ridiculous measures?

This bill must be referred to a Senate committee. It needs to be analysed. We cannot stand by in all good conscience and allow this government to railroad

through new taxes. One minute they are telling the press, as per the front page of the *Australian*, that they will include this in the Henry review; the next minute they sneak it through and demand a debate in the morning. This cannot be allowed to occur. This must go to a Senate committee. This must be reviewed. And someone must stand up and fight for the people of Australia who will be disadvantaged by this. That is exactly what we on this side of the chamber will do.