



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**TAX LAWS AMENDMENT (2009
MEASURES NO. 1) BILL 2009**

Second Reading

SPEECH

Wednesday, 18 March 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 18 March 2009
Page 3062
Questioner
Speaker Robert, Stuart, MP

Source House
Proof No
Responder
Question No.

Mr ROBERT (Fadden) (12.04 pm)—I rise to speak on the Tax Laws Amendment (2009 Measures No. 1) Bill 2009. Firstly, may I express to the House my outrage at some of the statements we have just heard from the member for Corangamite. His speech was not only tedious and repetitious but also somewhat misleading, and the fact that I cannot get those 20 minutes of my life back again is also slightly annoying. It is simply utterly outrageous for someone from the government to walk into this House and say with blatant effrontery, audacity and indeed temerity that the \$42 billion to be spent on social infrastructure is coming out of ‘surpluses’. The figures show that, in December, this government was \$14 billion in the red. The member for Corangamite stood here and spoke of the government’s record of surplus, but this government has delivered not a single surplus.

The 2007-08 budget, framed by the Howard-Costello government, delivered a surplus of \$18 billion or \$19 billion and it was a credit to the Howard-Costello years. The 2008-09 budget, which was framed with such fanfare by the Labor government to show a \$22 billion surplus, was \$14 billion in the red by December. Yet the member for Corangamite walks in here and talks about the government’s record of surpluses and the government’s \$42 billion cash splash for social infrastructure that is coming out of the ‘surplus money’ that is just floating around in the government system. Clearly he was on planet Zorb when the government brought in a bill to borrow \$200 billion, to increase the issuance of government bonds by \$125 billion to allow \$200 billion worth of debt. Clearly he was on the moon Zorbette, which goes around planet Zorb, when yesterday the government brought in Ruddbank to take contingent liability up to \$28 billion. This government is putting this nation \$228 billion in hock.

Let us compare that to the Howard-Costello years. We paid off \$96 billion of debt. We paid off \$56 billion of interest on that debt. That is \$152 billion. We put \$60 billion in the Future Fund. That is \$215 billion.

Mr Price—Mr Deputy Speaker, I raise a point of order. I would like to draw your attention to the fact that the honourable member has yet to address one element in

this bill. I do think that, whilst you have been generous in allowing a wide-ranging discussion—

The DEPUTY SPEAKER (Mr S Georganas)—The Chief Government Whip will resume his seat. I have been listening very carefully. The member is talking about deficits and surpluses, which I am sure will lead into the bill very soon.

Mr ROBERT—With great respect to the Chief Government Whip, the member for Corangamite spent 15 minutes on nonsense and then had the hide to say, with five minutes to go, ‘Now I’ll direct my attention to the bill.’

The Howard government also left \$20 billion in the bank—\$232 billion was what the Howard-Costello years either paid off in debt or mounted up in surplus, compared to the \$228 billion of debt that the Rudd government has put in. That is almost half a trillion dollars of daylight between our side of politics and the Labor Party’s. So for the member for Corangamite to walk in here and speak about surpluses is simply and patently ludicrous.

This bill—in deference to the Chief Government Whip—has three schedules. Schedule 1 provides for a 20 per cent reduction in PAYG instalment amounts for certain small business taxpayers and amends the law to allow PAYG instalment amounts to be determined by regulations. On the surface, that is a reasonable measure. Yet, if we look into it, it is a deferral of 20 per cent of what we knew previously as provisional tax and now know as instalment amounts. So the instalment amount is reduced by 20 per cent, but the tax payable on the income still needs to be paid at the end of the financial year. There is actually no permanent relief; it is a temporary relief. Whilst I acknowledge the government’s other measure for small business of increasing up to 30 per cent the ability to expense items of a capital nature, that is it for small business.

Small business employs 46.5 per cent of people in this nation. It is the powerhouse of this nation’s employment. And that is all the government is going to give us: a deferral of 20 per cent of PAYG instalments, which will be paid in full at tax time, and assistance with the expensing of items of a capital nature. Thirteen billion dollars gets splashed around to individuals, and I am sure they will appreciate it, but we know that 80 per cent of the December cash splash was saved.

We know money from the US experiment in cash splashing, albeit through tax rebates, was saved. Of the \$13 billion, 80 per cent will be saved. It will have no great input into consumption.

That \$42 billion package, rather than being spent on Pink Batts, boom gates and social infrastructure, which only has a 30c return to the dollar on GDP, would have been better spent providing assistance to small business, which employs 46.5 per cent of people. It would have been better for this government to address payroll tax, that evil, insidious, job-destroying tax. It was brought in at two per cent in 1941 when child endowment was brought in during the war years, to help offset the cost of that child endowment—noble, one could imagine. In 1971, it was brought across to the states as a source of growth revenue for the states, and the states of course immediately increased it, to the point now where Queensland has the lowest rate at 4.5 per cent and the ACT the highest at something like 6.75 per cent. It is a job-destroying tax. It simply says, 'I'm going to tax your payroll regardless of productivity.' Economic pundits would say it is an efficient tax because efficiency relates to your ability to escape or evade a tax. It is efficient because you have nowhere to go. Yet different states have a range of regimes, albeit that some harmonisation legislation has come in. States tax payrolls of small to medium companies and large firms. They tax a company just because that company wants to employ Australians—outrageous, yet this government does nothing about it.

Moving on to schedule 2, it contains consequential amendments to temporary residents' unclaimed money regime changes. Last year, the coalition supported the government as they required superannuation funds to pay unclaimed super money from temporary residents back to the ATO to reduce the amount of unclaimed super belonging to temporary residents that was sitting in super funds. This schedule makes rules governing unclaimed super for Australian residents consistent with the rules made for those temporary residents.

Schedule 3 amends the income test used for means-testing government transfer payments and concessions and aligns the income test for dependency tax offsets with the income test for family assistance payments. This is about saving almost half a billion dollars over the forward estimates. It was announced during the budget speech in May last year and contains a range of components. One of those components has to do with the Commonwealth seniors health card. We know that the government introduced legislation—it was debated yesterday—regard-ing the Commonwealth seniors health card, where 22,000 senior Australians, self-funded retirees who have worked hard and receive the benefit of that card, will have it stripped away because of the changes here by the Rudd government. The

amendments in this bill will add total net investment losses to the income test for those Commonwealth seniors health cards.

Part 1 of schedule 3 has to do with total net investment losses. It simply adds a new definition to that term 'total net investment loss'. Currently, only net rental property losses are considered with respect to total net investment losses when offsetting against government payments. This definition will now be widened to include losses arising from any financial investments at all: shares in a company, interest in a mortgage investment scheme, forestry managed schemes, any option or right—anything at all. Currently, if you have a net loss on property, that net loss is added back onto your income to determine your eligibility for certain payments. This government, of course, loves to means-test everything, because apparently, if you are earning over \$100,000, you do not get access to family tax benefit A. Over \$110,000, you do not get access to the childcare benefit. The ranges vary as we go. Now, to further make it difficult for Australians, to make it harder for working families, this government will expand the definition of total net investment loss to include losses not just from rental property but from every other financial investment. That is how this government will pull back half a billion dollars, by simply denying hardworking families access to government benefits by increasing means testing, somewhat on the sly.

Part 2 of this schedule requires employers to disclose the reportable employer superannuation contributions, or RESC, which are the amounts that people salary sacrifice into super over and above the standard amounts required by law or agreed to by agreement. These will have to be disclosed on behalf of an employee in the annual payment summary provided to the employee, in the part-year employment summary provided to the employee upon the employee's request and in any annual withholding report that is provided to the ATO. At present, employers do not include the RESC amounts in the payment summaries provided to the ATO. Part 2 of this schedule will require employers to report the RESC in the same way that they currently report reportable fringe benefits. This is an extra reporting requirement, an extra burden, an extra compliance cost.

Before the election, the then Leader of the Opposition, now the Prime Minister, Mr Rudd, said, 'For every new regulation, for every new compliance, I will take one away.' Well, where is it, Mr Rudd? Where is the one you are taking away? You are adding a new compliance here. Where is the one you are taking away? Where is the regulation you are dispensing with? Every bill I see come before this House has new regulations, new compliance, new requirements

for adherence imposed by big government. But I have not seen any taken away—none at all. Where is it? The Prime Minister pledged, yet I have seen his pledges broken so many times it is becoming somewhat laughable. He pledged that, for every one regulation, every one compliance, he would take one away. Well, we have one here. Where is the other side of the ledger? The silence is always deafening.

Part 3 of this schedule makes changes to some income tests to include the new definitions in part 1 of this schedule. For example, the new ‘total net investment loss’ definition will include not just the loss from rental property but also the loss from any other financial investments. That will be taken across pretty much every single benefit that is paid across every single piece of legislation. That is why, in 2009-10, the government is looking to save \$164 million; in 2010-11, \$192 million; and in 2011-12, \$203 million—half a billion dollars taken away from hardworking families simply because they sought to invest. ‘How dare they invest!’ I say to the Labor government. ‘How dare they! Let’s take away some of their benefits. Let’s take away some of the money that is paid to them to assist in a whole range of areas, from child care through to raising children, through to making ends meet. Let’s take that away because they have the temerity to invest!’

The coalition will move to amend this bill in both houses to ensure equality in the treatment of employer contributed superannuation. We look forward to the government meeting in good faith for that amendment to occur.