



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**Tax and Superannuation Laws Amendment  
(2014 Measures No. 1) Bill 2014**

**Second Reading**

**SPEECH**

**Tuesday, 4 March 2014**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Tuesday, 4 March 2014  
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**Questioner**  
**Speaker** Leigh, Andrew, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

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**Dr LEIGH** (Fraser) (17:34): I move:

That all the words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the bill a second reading the House is of the opinion:

- (1) that the government has made clear its intentions of creating a two tiered system of health care by hitting vulnerable Australians with extra out-of-pocket costs while considering further cuts to payments and support;
- (2) that savings generated under this Bill must be reinvested to enhance health care affordability and universally accessible health care for all Australians; and
- (3) that it was an Australian Labor Government that revolutionised health care in 1983 with the establishment of Medicare and will always defend the right of every Australian to universal, affordable and high quality health care."

The Tax and Superannuation Laws Amendment (2014 Measures No. 1) Bill 2014 before the House goes to matters of taxation, superannuation and health care. They are matters with which Labor are strongly familiar, as the party that laid down many of the key foundations for our tax, superannuation and healthcare system. We think typically of John Curtin as being the Prime Minister who brought the troops home to save Australia against the opposition of conservatives of the day. But as John Edwards's splendid book *Curtin's Gift* also points out, one of the great enduring legacies of John Curtin was uniform income tax, a centre of Commonwealth power that is the substance of its fiscal policy effectiveness and which gives the Australian Commonwealth a unity of purpose through the taxation system. Labor are also the party that created universal superannuation and expanded universal superannuation—again over the objections of conservatives of the day. Labor therefore support schedules 1 and 2 in the bill, which go to penalties for promoters of schemes that result in the illegal early release of superannuation funds and penalties for contraventions relating to self-managed superannuation funds.

Making sure that promoters do not engage in schemes which undermine the contributions made by working Australians to their superannuation is fundamental to a rigorous superannuation scheme. Labor support schedule 2, which ensures the integrity of self-managed superannuation schemes. Labor is the party of superannuation. By contrast, the Prime Minister said in this place on 25 September 1995:

Compulsory superannuation is one of the biggest con jobs ever foisted by government on the Australian people.

The Prime Minister even said at a press conference on 23 March 2012:

We have always as a Coalition been against compulsory superannuation increases.

By contrast, Labor is proud to have put in place a system which ensures that working people can retire with dignity, a system which makes sure that working people have a nest egg available for them at retirement. So Labor is supporting the superannuation aspects of this bill.

Labor also supports schedule 4, which adds the National Arboretum Canberra Fund and the Prince's Charities Australia Ltd as specifically listed deductible gift recipient funds and extends the existing listing of the Bali Peace Park Association Inc. As a member representing the great city of Canberra, I add my support to the National Arboretum for the work that it has done. It is an extraordinary facility which is there for generations to come. The building of an arboretum is a classic intergenerational gift because small trees planted today may only be enjoyed by our children and grandchildren. The National Arboretum is a place where Canberrans enjoy recreation, public events and weddings—the Margaret Whitlam Pavilion having become one of the most popular wedding venues in

Canberra. I commend the many volunteers and donors who have worked together to make the National Arboretum such a success.

The bill also amends the Income Tax Assessment Act 1936 to phase out the net medical expenses tax offset by the end of 2018-19 income year. From income years 2013-14 to 2018-19, that tax offset will be subject to transitional arrangements. This was a recommendation that flowed from the Henry tax review. The Henry tax review recommended that NMETO be removed, for several reasons. These were that it does not provide assistance when the expense is incurred as claimed at the end of the income year, that it is claimed by an individual but assessed on a family basis, that it is inequitable for individuals who must incur the same cost as a family in order to make a claim and that low-income families with higher out-of-pocket medical expenses cannot claim the offset because of insufficient tax liability. In the jargon, NMETO is not refundable and so is in that sense regressive.

It was a Labor proposal to phase out NMETO, and Labor stands ready to support sensible tax reforms. It is absolutely vital that we have support in this House for an ongoing and sustainable healthcare system. I spoke at the start of my speech about Labor's role in building the tax system and the superannuation system, but it is Medicare which is perhaps one of Labor's great achievements. In an article in 2011, Bill Bowtell, in the journal *Voice*, told the story of the creation of Medicare. He pointed out that in 1969 Medibank was a crucial factor in securing the great swing to Whitlam Labor and to propelling Labor to power in 1972. It was, as Mr Bowtell put it, 'a simple, bold and deeply radical reform'.

The coalition's refusal to pass the Medibank legislation in the Senate helped to bring about the 1974 double dissolution, and Medibank's eventual introduction in mid-1975 helped precipitate the constitutional crisis of that year. Labor maintained its commitment to Medibank, reworking it into what is known as Medicare. That work, done so painstakingly through the years of opposition, ensured that Medicare was an even better system than Medibank by the time of the 1983 election. Mr Bowtell argues that, at that election, Medicare was perhaps the only policy agreed on unanimously by the political and industrial wings of the ALP and across its factions and the branches. The commitment to Medicare had been painstakingly built over almost 15 years between the 1969 and the 1983 elections. The speed with which Medicare was introduced after the 1983 election meant that the scheme could commence operation on 1 February 1984, after the legislation being passed through in the late 1983. But conservative opposition to Medicare continued, as indeed it did to superannuation.

The coalition advocated the repeal of Medicare at the 1984 election, at the 1987 election, at the 1990 election and at the 1993 election. It is staggering to think that a little over 20 years ago, if a coalition government under John Hewson had been elected, Medicare would be gone. Indeed, the only substantial commitment made by John Howard after taking on the leadership was to accept the Medicare system in its entirety. It took from 1969 to 1996, nearly a generation, for Medibank and Medicare to pass from a mere idea into an established order. It is a great lesson for long-game policy reformers about the amount of work that must be done, the public advocacy that must be put in, to bring about these landmark reforms.

All of us on this side of the House are committed to seeing a Medicare system that stands the test of time. We are enormously proud of Medicare and many of us on this side of the House are worried when we hear the Minister for Health floating thought bubbles on health reform that seem to suggest a lack of commitment to the Medicare system and to maintaining the strength of primary health care.

We know when we look at the international statistics that Australia has to do better on primary health care. When a person goes into hospital it is an extremely expensive exercise, so we need to ensure that our primary healthcare system works as well as possible. We on this side of the House are proud defenders of Medicare. We support the substance of this bill today—indeed, we wrote the substance of this bill. We are proud to support a strong income tax system, a strong superannuation system and a strong Medicare system and we will fight for that inside this House and outside.

The DEPUTY SPEAKER: Is the motion seconded?

**Mr Albanese:** I second the motion and reserve my right to speak