



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**Main Committee**

**APPROPRIATION BILL (NO. 1) 2007-2008**

**Consideration in Detail**

**SPEECH**

**Thursday, 14 June 2007**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Thursday, 14 June 2007  
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**Questioner**  
**Speaker** Bowen, Chris, MP

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

**Mr BOWEN** (Prospect) (11.59 am)—I am sure industry stakeholders will be glad to hear it and I am sure they look forward to their meeting with Treasury officials. This raises a very important matter. This government has adopted a policy of giving Australia an uncompetitive tax regime. This government has adopted the policy, despite the fact that the tax regimes of the United States, Singapore, the United Kingdom and Ireland and most other countries have a withholding tax rate equal to or less than 15 per cent—and they are flat and final withholding tax rates—and says it is acceptable to have a withholding tax rate of 30 per cent.

Australia has the 53rd highest population in the world, yet we have the fourth highest level of funds under management thanks to the superannuation reforms of the Hawke and Keating governments, which the Liberal Party opposed. We have the fourth highest level of funds under management and yet other countries are overtaking us when it comes to encouraging overseas investment in Australia. In Ireland, where the government has taken the approach of encouraging financial services investment and financial services exports from Ireland, they will soon overtake us in terms of funds under management and investment into this country from overseas nations. That is going to happen because we are being left behind with our tax regime, which is uncompetitive, and because this government, this Treasurer, refuse to adopt the policy or at least to talk to industry about the policy of reducing Australia's withholding tax rate.

I heard the Senate debate on the Tax Laws Amendment (2007 Measures No. 3) Bill 2007 the other day. I heard a particularly vacuous presentation from Senator Ronaldson, who chaired the hearings of the Senate economics committee into this bill and—I will not say he misunderstood the arguments, because I think he understood them very well—clearly gave a completely different version of those arguments to the Senate. That shows the lack of foresight of this government in relation to the financial services industry and funds under management in this country. I call on the parliamentary secretary and the government generally to review this policy and give the Australian funds industry a chance and to get out of their way and give Australia a competitive tax regime—not to pick winners—which gives them an even chance in competing with their competitors overseas.