



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Temporary Budget
Repair Levy) Bill 2014, Income Tax Rates
Amendment (Temporary Budget Repair Levy)
Bill 2014, Family Trust Distribution Tax
(Primary Liability) Amendment (Temporary
Budget Repair Levy) Bill 2014, Fringe Benefits
Tax Amendment (Temporary Budget Repair
Levy) Bill 2014, Income Tax (Bearer Debentures)
Amendment (Temporary Budget Repair
Levy) Bill 2014, Income Tax (First Home
Saver Accounts Misuse Tax) Amendment
(Temporary Budget Repair Levy) Bill 2014,
Income Tax (TFN Withholding Tax (ESS))
Amendment (Temporary Budget Repair**

**Levy) Bill 2014, Superannuation (Departing
Australia Superannuation Payments Tax)
Amendment (Temporary Budget Repair Levy)
Bill 2014, Superannuation (Excess Non-
concessional Contributions Tax) Amendment
(Temporary Budget Repair Levy) Bill 2014,
Superannuation (Excess Untaxed Roll-over
Amounts Tax) Amendment (Temporary Budget
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Beneficiary Non-disclosure Tax) (No. 1)
Amendment (Temporary Budget Repair Levy)
Bill 2014, Taxation (Trustee Beneficiary Non-
disclosure Tax) (No. 2) Amendment (Temporary
Budget Repair Levy) Bill 2014, Tax Laws
Amendment (Interest on Non-Resident Trust
Distributions) (Temporary Budget Repair Levy)
Bill 2014, Tax Laws Amendment (Untainting
Tax) (Temporary Budget Repair Levy) Bill
2014, Trust Recoupment Tax Amendment
(Temporary Budget Repair Levy) Bill 2014**

Second Reading

SPEECH

Wednesday, 28 May 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Hayes, Chris, MP

Source House
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Mr HAYES (Fowler—Chief Opposition Whip) (10:30): I too rise this morning to speak on the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and the supporting budget repair levy bills. In effect, we are here to talk about the government's amendments to the income tax laws, the fringe benefits tax and other aspects of Australian tax law. But the reality is that we are talking about a long list of broken promises by this government, a government that repeatedly said one thing before and during the election campaign and then, after the election, did a U-turn and introduced a good many changes.

You do not have to be on this side of politics to remember what the Prime Minister said just before the last election: 'A coalition government will keep the current income tax threshold;' 'What you will get under us are tax cuts without new taxes;' 'There should be no new tax collected without an election.' It is all very good to say that before and during the election campaign but, Mr Deputy Speaker Mitchell, as you know, that is totally wrong in terms of what has occurred here today. The government have introduced this legislation as well as the appropriation bills, being discussed elsewhere, to do just that—to introduce new taxes and to provide for tax increases. That is being done by way of the temporary tax levy, but, particularly for low-income earners and families, tax changes are being made on a permanent basis.

The so-called temporary budget repair levy is nothing but a tax increase. It is a tax increase of two per cent on Australians earning more than \$180,000 a year. It will come into effect on 1 July this year and will be in place for three years. This tax increase will affect about 400,000 Australians or about four per cent of taxpayers.

I checked with the Parliamentary Library before coming here this morning, but I could not find out how many people in my electorate are earning over \$180,000. My electorate consists of about 92,000 voters, along with family members. The Parliamentary Library can advise that only 1,700 of those people earn more than \$104,000.

My electorate has many things to be proud of. It is a very vibrant, colourful and diverse electorate. But, in many respects, it is also an electorate with significant pockets of disadvantage. By no means are the people I represent rich. The average personal income of my constituents is about \$20,000, which is almost equivalent to the current age pension. The average household income is \$55,000. So the temporary budget repair levy being proposed for people earning over \$180,000, which will only be in existence for three years, will not affect a lot of people in my electorate; nor will the changes to the fringe benefits tax.

When this bill was being introduced by the Parliamentary Secretary to the Treasurer, he said, 'This is not a large tax increase and it is not a permanent tax increase,' and I would agree with that. People earning \$180,000 a year probably do not regard this tax increase as large; what is more, they know that they only have to bear it for three years and then it is gone—there is no further impost on high-income earners. But if you are relying on family payments or you are a young person needing support or you are a pensioner, the changes being proposed are all permanent.

We are going to permanently redefine family tax benefit B, which will no longer be provided until a child turns 16; instead, it will be rescinded once the youngest child turns six. We have permanently changed the mode of calculation of indexation of pensions. Yesterday in question time the Treasurer and others were going to great lengths to say that pensioners are going to get their adjustment every six months. But they did not say that that adjustment would be made at a different rate. The indexation rate will change. Pensions will be indexed to the CPI as opposed to male total average weekly earnings.

I have concerns for some of the most vulnerable people in my electorate, particularly young people and the unemployed. Regrettably, my electorate has an unemployment rate of approximately eight per cent, so unemployment is a significant concern, particularly for people in Western Sydney. Even more concerning is that the youth unemployment rate is 24 or 25 per cent. We know there are a lot of issues there to be addressed. Yet,

under this budget, if you are under 30 and unemployed, you will not get any benefits. You will not get access to Newstart for six months.

I have received approaches in my electorate, and I imagine those opposite would have got them as well, from organisations such as St Vincent de Paul, Mission Australia and others who are out there doing various good works for people and look out for people who have fallen on hard times. They are saying: 'How do you as politicians expect people are going to live for six months if there is no provision for them?' It is not a bad question. They think that what is implied in all this is that they as charities, as faith based organisations, will be expected to pick up the slack and look after people. They wanted to let me know that their business models, as much as they are charitable organisations, do not run on the smell of an oily rag. They understand that, in electorates like mine, where there are a high number of pockets of disadvantage, where there are great levels of unemployment, it is not just about finding a person a job, although that is very important and we understand that; it is also about looking after people who have fallen through the cracks and giving them a helping hand.

It is important to help people find jobs. But, having gone through this budget, I find that Job Services Australia providers have had their funding restricted so they are limited in how much work they can actually go and find for people. One provider in my electorate—and I know it is not just in mine; they certainly operate throughout south-west Sydney—is called South West Connect. This organisation goes out and finds ways to transition young people from school to the workplace. They do a wonderful job. I think they have been praised by both sides of this House for what they do. But they woke up to find their total funding had been cut. They approached me last week about going to talk to local government and other organisations, even schools, to see whether they can play a part—because it is not just about the work that they do; they give people hope, they give young people opportunity. But that is gone.

It seems a pretty callous act by a government that said, 'One of the things we want to do with these young people, one of things we want to do for the unemployed, is give them an incentive.' But the 'incentive' is through taking money off them and not providing them with help into the workforce or from education into employment. They have been deleteriously affected by this budget.

In my electorate, there are about 15½ thousand families that depend on family tax benefit part B. As I said earlier, that has been adjusted in this budget. Families on family tax benefit B will no longer receive it once their youngest child has turned six. I cannot give you the actual figures, Mr Deputy Speaker Scott, but I ask you to accept that I do have a lot of single-parent families in my electorate. That is born out of the high levels of disadvantage in my electorate as well as the number of families who have children with disabilities—and, regrettably, where those children have autism, they tend to be single-parent families. It is normally the mother and the child or children. For those single-parent families, this budget is very, very harsh. Single-parent families will miss out on the \$750 supplement per child once the parent earns more than \$48,000. If they earn anything over that, they lose it. Families, including single-parent families, will lose the \$3,000 for family tax benefit B once their child is over six. A single-parent family with two children will lose \$1,500 because of the \$750 that applies per child.

This is not an incentive; this is a punishment. It is punishment for those who took the current Prime Minister at his word as he went to the last election. The government cannot come along now and say: 'We've had a look at the books, we need to balance this budget and we have to put in place all these draconian measures—sorry about that. If you're a high-income earner, don't worry; it's only going to apply to you for three years. But we are making permanent changes for everyone else.' The government knew precisely what the financial position was prior to taking office. They made their manifesto known to the community and they made promises. They made promises not to introduce new taxes and they made promises not to increase taxes. It is one thing to make these changes that affect the most affluent families, the top 20 per cent of wage earners in the country; but to do this to working-class people, including people who depend on a helper, is just diabolical.

With regard to pensioners, I had the opportunity last week to attend and speak to the national seniors forum. They asked me to let all the politicians down here in Canberra know that when you are elderly, when you are living on \$20,000 a year, you are more than likely going to have to visit the doctor far more often than if you are young and fit and you are probably going to have to buy medicines a lot more often than a person who is young and fit. They do not think that we in Canberra understand that, having seen this budget come down. Their pensions are not going to be adjusted at the same rate and they are now effectively going to be taxed every time they go to a doctor, with an additional \$7 per visit and \$5 per medication.

For all those who want to contribute and make speeches about this, I know it can run off the tongue, but in my case, my mum lives with me. She is 85. I know how often I have to take her to see a GP. I know how often I have to change medications for her, because I go and get them. Fortunately for her she is living on Dad's retired police superannuation, but nevertheless, if you are on a pension of \$20,000 and have to go and pay every time with the same frequency that my mum needs to go and see a doctor, this is a huge impost for those at that end of the scale in terms of income. It is not as if you have got the option to say, 'Look, I'll have to make it up by working another shift, or I'll do a bit of overtime next week.' This is about people who have no opportunity to acquire any further income or to make good what this government has taken away from them. This is a very harsh, unreasonable budget which affects people deleteriously. *(Time expired)*