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HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Research
and Development) Bill 2013**

Second Reading

SPEECH

Monday, 9 December 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Leigh, Andrew, MP

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Dr LEIGH (Fraser) (18:53): I rise to speak on the Tax Laws Amendment (Research and Development) Bill 2013, to outline to the House the opposition's view on this important piece of legislation. When it was suggested by the Labor Party that we might be able to identify a targeted saving from restricting the research and development tax credit by excluding companies with a turnover of more than \$20 billion, those opposite cried foul. This, they said, was another outrageous attack on business. They swore black and blue, with the member for Indi leading the charge as she held the industry portfolio, that this was bad policy and would not be supported by the coalition. That was back in February. Now here we are in December with the coalition putting forward this very same savings measure. But there is a key difference here, between now and February—

Mr McCormack: The budget position!

Dr LEIGH: I will take that interjection from the member at the table who is referring to the budget position. What the member misses, of course, is that, thanks to Peter Costello, the old spiders-in-the-closet trick has been foreclosed. The pre-election fiscal outlook was designed to ensure that no party could do as the coalition has attempted to do and suggest that the state of the books upon taking office was different from what was reflected in the pre-election fiscal outlook. So let us not have the faux outrage. If there are any spiders in the closet, they are there because the Treasurer has taken up a redback breeding program. Those redbacks are things like the \$17 billion of tax breaks to mining billionaires and large polluters, and the \$9 billion to the Reserve Bank, which is being given to the Reserve Bank, let's face it, in the hope of garnering greater dividends subsequently. But the pre-election fiscal outlook has foreclosed that, and when MYEFO is brought down—which may or may not be before Christmas; we are yet to find out—it will be very clearly a statement of how the budget has changed under the coalition. MYEFO is not a statement about the economy that the coalition inherited; it is a statement about how the coalition has changed the fiscal outlook since then.

The bill before the House tonight contains within it a saving, restricting the R&D tax credit by excluding companies with a turnover of over \$20 billion. The precise details of those companies is of course not a matter of public record due to taxpayer confidentiality, but if one looks at IBISWorld data it seems to suggest that there are around a dozen companies, principally in the sectors of finance and mining.

But when Labor introduced this savings measure, it was designed to fund the Australian Jobs Act, which had come out of the job summit and which ensured that manufacturing had a sustainable future in this country, because if there is one party which has consistently stood up for the interests of manufacturing it is the Labor Party. I give credit to so many of my colleagues on this: Senator Kim Carr; the member for Wakefield, Nick Champion; and the member for Throsby, Stephen Jones—assiduous campaigners, along with the then minister for industry, Greg Combet, in advocating for a strong manufacturing sector in this country.

What the coalition has done is to take the savings measure but jettison the Australian Jobs Act, and that is why this side of the House will not be supporting the change to the research and development tax credit because that change does not go to fund targeted assistance to the manufacturing sector—things like manufacturing precincts, which I am sure many of my colleagues in this debate will speak about. It goes instead to provide a tax cut to mining billionaires.

This is not consistent with basic Australian values—values of egalitarianism, mateship and a fair go—and the demand, I think, that if we in the House are to take scarce taxpayer dollars and use them on tax expenditures then they should be targeted towards those who need them most. With manufacturing enterprises in some cases struggling against the headwinds of the high Australian dollar, we believe that that is an appropriate use of public finances. We do not, however, believe that it is an appropriate use of taxpayers dollars to scrap the mining tax, a tax projected by the Treasurer's own forward estimates—and it will be interesting to see when his mid-year outlook is brought out whether this has changed—to raise somewhere in the order of \$4 billion. That is \$4 billion

dollars that will be given back to mining magnates. This is the sort of program that is being funded by taking away the research and development tax credit for the largest companies in Australia.

Labor would have supported this savings measure—it is a difficult savings measure and one that is not an easy decision to come to in government—had it been that the resources would have gone towards the cause of supporting Australian jobs. But when the coalition are instead using that money to back in a paid parental leave scheme that gives \$15,000 to a minimum-wage worker and \$75,000 to a billionaire who has a baby we do not think that is fair. We do not think that that is a fair use of taxpayers' dollars. We do not believe that a baby born to a billionaire is somehow worth five times as much as a baby born to somebody who is on the minimum wage.

We believe that the Australian social safety net—targeted assistance that has provided the most to those who need the most—is an appropriate way of ensuring taxpayers' dollars are spent. Ours is the most tightly targeted social safety net in the OECD, as Peter Whiteford has outlined. The measures being brought forward by the coalition are going to change that significantly.

It is a rare coalition government that does not just cut taxes for the rich and cut benefits for the poor, but indeed raises benefits for the most affluent Australians. We do not believe that is a good use of taxpayer funds and that is why we will not be supporting this savings measure.

Had Sophie Mirabella been in this chamber it would have been my pleasure to go through piece by piece her faux outrage back in February when the then Gillard government announced this savings measure. This is a complete backflip by the coalition, a backflip that walks back from their strong statements before the election that they did not want to find a targeted savings measure on the research and development tax credit. Now we see that they want to bank the saving but spend it on a tax cut for mining billionaires. Labor does not believe that is fair and that is why we will not be supporting the measure.