



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Disclosure
of MRRT Information) Bill 2013**

Second Reading

SPEECH

Monday, 27 May 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Leigh, Andrew, MP

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Dr LEIGH (Fraser—Parliamentary Secretary to the Prime Minister) (20:31): It is worth reviewing briefly how we got to where we are today. When the mining boom hit Australia, with commodity prices hitting century highs and mining profits going sky high, this government decided it would be an appropriate time to do for the mining sector what we had done in the petroleum resource sector a quarter-century earlier. That is not to use the old, outdated system of royalties to tax mining but to use a far more economically sound approach and to tax profits in the mining sector. Profits based taxation, Brown taxation, makes eminent sense. It recognises that the world price is not a price that is driven by the ingenuity of miners, ingenious as they may be, but it is a price which is driven by the demands of the world for our commodities. China and India are demanding our coal and iron ore because they need them to build skyscrapers for their industrialisation and that has driven the price through the roof. Yet until this government put in place an MRRT the Australian taxpayer did not see an extra cent when the prices went up. They got maybe a little extra for the volume but nothing for the price. So whereas at the start of the decade mining taxes were a dollar in three of company profits, by the end they had gone down to a dollar in seven.

This government decided to put in place an MRRT, a profits based mining tax, indeed the same mining approach which had been recommended to the Henry tax review by the Minerals Council of Australia. That is right: when the Henry review asked for suggestions on how to do mining taxation, the Minerals Council of Australia said, 'You ought to do it through a profits based tax.' It is not a radical suggestion. Indeed, Sarah Palin made her name in Alaska on profits based commodity taxation. So if you think that is a radical idea, I guess that means you think Sarah Palin is a moderate.

We put in place an MRRT and that MRRT is a fairer way of taxing commodity revenue. That commodity revenue is going to go up and down, but what this government has announced is that we are introducing legislation to allow the publication of revenue that reveals individual taxpayers. The bill that we are bringing before the House is a comprehensive approach. It will apply not only to the MRRT and the PRRT but also to other taxes paid by large corporations and multinationals. It is a considered, properly thought-through approach to transparency. It is not an opposition thought bubble; it does not simply attempt to grab a cheap headline. It actually takes a substantive approach to improving transparency.

What frustrates me most in this debate is hearing insinuations from those opposite that the government has been trying to hide MRRT taxation. This is information that the government did not have access to in the first quarter. The Commissioner of Taxation made a determination that under current arrangements he was legally unable to provide the data to the government or to release it publicly. That advice was not political advice, it was based on advice from the Australian Government Solicitor.

So what we really have here is those opposite cooking up a bogus debate so they can go in to bat for the mining sector. The mining sector is a sector that the opposition has pledged to give a big tax cut to. When it comes to the election, those opposite will be going to the polls promising voters that they will give a tax cut to Gina Rinehart and Clive Palmer and that the tax cut will be paid for by taking money away from kids on their first day of school. That is the values, that is the priorities of those opposite. They do not believe that mining companies should pay their fair share; they believe that mining companies are paying too much tax. The repeal of the mining tax and the repeal of the carbon price are going to create a revenue shortfall of \$26 billion, over \$1,000 for every Australian. How do you make up for that? You either raise taxes on middle Australia or you savagely cut spending.

If those opposite are speaking about transparency then the key issue that Australians are demanding transparency on is coalition costings. Australians expect that when they go to the polls they will have the chance to make a decision between two sets of properly costed policies. Governing is about trade-offs, it is not about promising everything to every special interest that wants a tax repealed, every special interests that wants more spending. Government is about making choices. When Australians hear those opposite say that they can deliver higher spending, lower taxes and pay down debt faster, they should know they are being told porkies. They should know that this is magic pudding economics.

We have seen some of that through independent experts, through the Parliamentary Budget Office and through Treasury, confirming that under Labor the budget will steadily improve over the coming years; independent experts who have recognised that the world economy has taken an axe to government revenues; independent experts who have also recognised that the sustainability of former Prime Minister John Howard's fiscal decisions in the early 2000s was deeply questionable. The Parliamentary Budget Office report on the structural deficit has confirmed the recent International Monetary Fund report which found that, when you look over Australian history back to World War II, the Howard-Costello government was the most wasteful government in Australia's history.

The opposition now are in a deep fiscal hole. They have on their own admission a \$70 billion black hole, which is in the order of over \$3,000 per Australian, and that is before the recent significant writedowns to company revenue. They are planning on skating to the election on a mysterious commission of audit—the same commission of audit tactic that Campbell Newman attempted to use prior to the Queensland election to hide his harshest cuts from the voters. What Campbell Newman has delivered to Queenslanders is 14,000 job losses and savage attacks on health and education.

Much of the coalition's fiscal hole comes from policies like the deeply regressive paid parental leave scheme. I do not have to go about criticising that scheme, because so many of those opposite have done it for me. We have heard comments from the member for Tangney, who said:

Certainly I'm aware of a number of colleagues that have similar concerns on this policy.

... ..

There hasn't been a detailed policy debate on this issue in the party room, but I think that it is one that needs to be had.

We have had the member for Mitchell say:

Most importantly for Australians, the policy does not pass the fair-go test.

We had the member for Moore say:

The Labor Party scheme is quite good—

and question how the coalition scheme would improve productivity. Former Liberal minister Peter Reith has said: 'It is obviously bad policy, and I have no doubt a lot of people in the coalition are unhappy about it. It was a decision by Tony.'

The opposition have claimed that they can pay for this highly regressive, unfair paid parental leave scheme through company taxes, which all sensible-thinking economic folk know are ultimately levied on workers. So this will mean more expensive prices on groceries and driving up the cost of mortgages because it will be imposed on banks, all for a scheme which is not going to be available to those working in government. That means not only the public servants in my electorate but the teachers, the police officers, the local government childcare workers—none of these workers will have access to the paid parental leave scheme that the opposition is putting in place. It will be extremely expensive. It will hit them, but it will not help them.

I also want to note in closing some of the to-and-fro that has been taking place over the past week over the allegations of the member for North Sydney about government. The member for North Sydney has suggested that in some way Treasury forecasts are politicised. Treasury secretary Martin Parkinson has come back and responded to that in crystal terms. He has said:

Let me be very clear. Treasury does not provide the government with a range of numbers. Treasury provides its best professional estimate to the government. It is up to the government of the day - and this applies back through history - to do what it wishes with those forecasts.

So the Treasury secretary has been crystal clear with the member for North Sydney that the forecasts produced by Treasury are a number, not a range. That has been the case under previous governments. It is the case under this government. To say otherwise is to deceive this parliament.