



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Treasury Legislation Amendment
(Repeal Day) Bill 2014**

Second Reading

SPEECH

Wednesday, 22 October 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner	Responder
Speaker McCormack, Michael, MP	Question No.

Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (16:47): I move:

That this bill be now read a second time.

The government is committed to cutting red tape costs by \$1 billion a year to improve our nation's competitiveness, help to create more jobs and lower household costs. This is a critical step towards improving Australia's productivity.

'Red tape', which is an umbrella term for excessive and unnecessary regulation, reduces productivity and investment, stifles job creation, creates uncertainty and saps confidence. Red tape prevents business from getting on with the job, and places heavy demands on the community's time and resources that could better be spent elsewhere.

It goes without saying therefore that reducing red tape across the economy will create an enormous opportunity to increase Australia's productivity and competitiveness.

Deregulation—the process of eliminating red tape—needs a whole-of-government approach to tackling excessive or unnecessary regulations, no matter how big. The goal is long-term cultural change, from the bureaucracy to the ministry, for the betterment of the community.

We want to see a paradigm shift in Australia's approach to regulation, whereby new standards, rules and compliance burdens are never used as the default option, but are only introduced as a last resort and only after alternatives have been assessed and the cost of new regulation fully understood.

We also want a renewed focus on ensuring that existing regulation is as efficient as possible, and is only retained where the benefits clearly outweigh the costs.

The government's deregulation efforts are therefore focused on a number of key areas including actively reducing the volume of regulation.

Following on from the first repeal day, on 26 March 2014, the government has continued its commitment to repeal counterproductive, unnecessary and redundant legislation and regulations.

Our reforms to drive red tape reduction across government are also paying dividends in streamlining administration.

On 20 June 2014 the government announced administrative changes to the entry thresholds for the pay-as-you-go instalments system, reducing the number of taxpayers required to pay instalments. The thresholds, which had not been reviewed since 2001-02, were changed as follows:

the business or investment income threshold increased from \$2,000 to \$4,000;

the balance of assessment threshold increased from \$500 to \$1,000;

the notional tax threshold increased from \$250 to \$500; and

the requirement for entities registered for goods and services tax to remain in the system despite having a zero instalment rate was removed.

The Australian Taxation Office has estimated that this will remove more than 560,000 taxpayers from the PAYG instalments system and lead to annual savings of \$67.3 million in compliance costs.

On 18 August 2014 the government announced its chosen model for transforming the existing Australian Small Business Commissioner into a Small Business and Family Enterprise Ombudsman.

The Ombudsman will be a Commonwealth-wide advocate for small businesses and family enterprises and contribute to the development of small business friendly Commonwealth laws and regulations.

The Ombudsman will also provide a concierge service to help small businesses resolve disputes fairly and efficiently.

On 21 August 2014 the government implemented changes to the SuperStream regulations to remove the requirement for employers to use a unique 'payment reference number' when making superannuation contributions.

Removing this provision allows employers and funds to retain existing payment processes and ensures balances are allocated to member accounts in a timely fashion. This has been estimated to lead to an annual saving of \$3.8 million in compliance costs.

Today, as we introduce legislation ahead of the government's second repeal day—next Wednesday, 29 October—we are building on these initiatives to cut red tape.

This bill—one of a number of bills introduced today—forms part of our whole-of-government commitment to repeal counterproductive, unnecessary and redundant legislation and consequently removing associated regulations.

This bill amends various laws relating to taxation, superannuation and shareholdings in certain financial sector companies to implement a range of improvements to Australia's laws.

Schedule 1 to this bill will repeal the payslip reporting provisions in the Superannuation Industry (Supervision) Act 1993 that would have increased the regulatory burden on employers beyond that currently imposed under the Fair Work legislation.

There are existing requirements in the Fair Work Act 2009 and the Fair Work Regulations 2009 that require employers to include on payslips the amount of superannuation contributions they are liable to make. This bill will not make any change to these existing requirements.

The current payslip reporting provisions in the Superannuation Industry (Supervision) Act 1993 require employers to include in employee payslips information prescribed by the regulations. Labor had intended that regulations be made so that employers had to report on payslips the amount of superannuation contributions and the date on which the employer expects to pay them. Labor never made these regulations.

Removing these provisions will reduce unnecessary duplication in the law and provide certainty to employers so they do not need to be preparing for costly upgrades to their payslip reporting software.

Schedule 2 to this bill simplifies the taxation laws by consolidating duplicated taxation administration provisions contained in various taxation acts into a single set of provisions in the Taxation Administration Act 1953.

Schedule 2 to this bill also repeals spent or redundant taxation laws, such as the older harsh penalty regimes, and moves longstanding regulations into the primary law. Tidying up our tax laws in line with good legislative practices is an important part of the care and maintenance of our tax system.

Schedule 3 to this bill amends the Financial Sector (Shareholdings) Act 1998 so that persons who do not hold a direct control interest in a financial sector company will no longer be deemed to have a stake in that financial sector company as a consequence of their associates' direct control interest.

Currently the law requires the associates of a person, such as a person's relatives, partner or related companies, who is seeking a shareholding in excess of 15 per cent to also seek approval from the Treasurer for the shareholding.

This is required irrespective of whether an associate has any actual shareholding or financial interest in the company in which the new shareholding is sought.

These associates are caught by the wide definition of associate under the Financial Sector (Shareholdings) Act 1998 which requires them to undertake this action for no policy benefit.

The changes in this bill remove an unnecessary burden for associates with no direct interest in the company without compromising the examination of a shareholder's controlling interest. Associates will no longer be caught in a technical trap that requires them to hold approval from the Treasurer under the Financial Sector (Shareholdings) Act 1998.

Schedule 4 to this bill addresses the fact that, currently, the definition of 'Australia' for taxation purposes is complex, overly detailed and expressed differently in different parts of the taxation laws, despite the fact that the laws are intended to achieve a simple and largely equivalent result.

Schedule 4 rewrites the definition of 'Australia' into a single location in the tax law for use across all the tax laws in a simple and coherent form.

This will involve amending various tax laws, taking another step towards achieving a single income tax assessment act for Australia.

In conclusion, these changes will improve the operation of tax law and remove unnecessary red tape from the superannuation law and shareholder regulatory framework.

Combined with our reforms that are driving regulators and the public service to cut red and green tape, these changes add up.

Removing even small grains of sand from an engine allows the whole machine to operate more efficiently.

In the same way, progressively removing individual pieces of unnecessary red tape and regulation, and making our laws simpler and shorter, plays an important role in helping Australia's economy become more efficient.

As we approach our second Repeal Day, we are building on the progress we have already made—right across government—to cut red and green tape.

Full details of these measures are contained in the explanatory memorandum.

I thank the House.

Debate adjourned.