



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Fringe Benefits Tax Amendment
(DisabilityCare Australia) Bill 2013**

Second Reading

SPEECH

Wednesday, 15 May 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 15 May 2013
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Questioner
Speaker Macklin, Jenny, MP

Source House
Proof No
Responder
Question No.

Ms MACKLIN (Jagajaga—Minister for Families, Community Services and Indigenous Affairs and Minister for Disability Reform) (09:25): I move:

That this bill be now read a second time.

I am very pleased to be speaking today with the Prime Minister and the Treasurer. On this occasion it is to the Fringe Benefits Tax Amendment (DisabilityCare Australia) Bill 2013, which is part of a package of measures increasing the Medicare levy by half a percentage point.

The Gillard government is proud to be delivering DisabilityCare Australia, the most important social reform since the introduction of Medicare.

We know this is a reform that's time has come.

A reform that will deliver significant benefits to people with disability, their carers and families and to the wider Australian community.

DisabilityCare Australia will transform the lives of people with disability, their families and carers. In 2019-20, the first year of full scheme, it will provide around 460,000 Australians with a significant and permanent disability the care support they deserve, regardless of how they acquired their disability.

People with a disability, their families and carers deserve certainty. They deserve the certainty of knowing that they will be supported over their lifetimes, and the certainty that DisabilityCare Australia will be funded over the long term.

That is why the government is increasing the Medicare levy from 1.5 to two per cent. And that is why every dollar raised from increasing the levy will go directly to fund DisabilityCare Australia. The DisabilityCare Australia Fund will be used solely for spending on DisabilityCare Australia.

This will ensure DisabilityCare Australia has a strong and stable funding stream, replacing the current funding model based on arbitrary budget allocations.

People with a disability, their families and carers also deserve certainty that they will receive support no matter where they live in Australia. DisabilityCare Australia is a national reform that requires the commitment and support of all state and territory governments.

To assist the states and territories, the government will make a share of the DisabilityCare Australia Fund available to the states and territories. We will make available to the states and territories \$9.7 billion over the next decade to assist in the delivery of DisabilityCare Australia.

People with disability, their families and carers also deserve certainty that the Commonwealth will fully fund its share of DisabilityCare Australia. That is why we have also taken a number of tough savings decisions and will direct those savings to fully fund DisabilityCare Australia.

The Fringe Benefits Tax Amendment (DisabilityCare Australia) Bill contains consequential amendments as a result of the increase in the Medicare levy, contained in the Medicare Levy Amendment (DisabilityCare Australia) Bill 2013.

Fringe benefits tax plays an important role in maintaining the fairness and integrity of Australia's taxation system.

It places employees who receive fringe benefits on a more even footing with employees whose remuneration consists entirely of salary or wages. It ensures that all forms of remuneration paid to employees bear a fair measure of tax.

The fringe benefits tax system also ensures that such benefits are counted as income when a person accesses means-tested government financial assistance, such as family tax benefits, ensuring that families are treated equally.

Fringe benefits are taxed at a rate of 46.5 per cent. This is the sum of the top marginal tax rate of 45 per cent plus the current Medicare levy rate of 1.5 per cent.

The Fringe Benefits Tax Amendment (DisabilityCare Australia) Bill 2013 will increase the fringe benefits tax rate to 47 per cent to reflect the increase in the Medicare levy. This will apply from 1 April 2014—the start of the fringe benefits tax year.

These consequential amendments will help to ensure the integrity of the tax system.

Further details of the bill are set out in the explanatory memorandum for the package of bills.

In supporting these changes in the parliament, we show our support for certainty for people with disability, their families and their carers.

We all commit ourselves to this long overdue and much needed reform.

I commend this bill to the House.

Debate adjourned.