



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**Tax and Superannuation Laws Amendment  
(2015 Measures No. 3) Bill 2015**

**Second Reading**

**SPEECH**

**Wednesday, 17 June 2015**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Wednesday, 17 June 2015  
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**Questioner**  
**Speaker** Leigh, Andrew, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Dr LEIGH** (Fraser) (17:10): Labor's position is to oppose this bill. Labor opposed these measures when they were included in the Superannuation Laws Amendment (2014 Measures No. 5) Bill 2014. Moving them from TSLAB 5 of 2014 to TSLAB 3 of 2015 in no way reduces Labor's in-principle opposition to these measures. We oppose the abolition of the seafarer tax offset and the reduction in the research and development tax credit. The abolition of the seafarer tax offset does not have the support of the Australian shipping community. As the Australian Shipowners Association has noted:

The Seafarers Tax Offset ... helped to reduce the operating costs of Australian vessels, increased the competitiveness of Australian shipping and provided significant opportunity for employment of Australians in international trades ... the impact [of abolition] is severe with regard to future opportunity.

The member for Grayndler will have more to say about this proposed abolition.

Another part of this bill reduces the research and development tax offset by 1.5 percentage points. It is an interesting and somewhat curious story how this comes about. Members will recall that at the last election the coalition campaigned on a platform, in part, that they would introduce an unfair parental leave scheme. That unfair income-replacement parental leave scheme was to be funded by a 1.5 percentage point levy on large businesses. The parental leave scheme is now gone, and the government in the last budget said that the majority of its spending decisions were offset by savings decisions. What they mean is that the unfair parental leave scheme, which never went ahead, had \$10.4 billion banked in the contingency reserve and that has now been taken out of the contingency reserve. The 1.5 percentage point levy on large businesses is now gone and is not going ahead, because the unfair parental leave scheme is not going ahead.

Somewhat surprisingly, the government has nonetheless decided to proceed with a 1.5 percentage point reduction in the research and development tax offset. That is curious because the original justification for this reduction has now gone. The original justification for the government was, 'We are going to have an unfair parental leave scheme, we are going to put a levy on large businesses and we are going to reduce their R&D tax offset by 1.5 percentage points commensurately.' Parental leave gone; levy gone; cut to R&D retained. That really says all you need to know about this government's attitude to science and research and development. Any excuse they can find to hack into research and development is an excuse they will take.

In 2013, the science and research community were appalled when it was announced that this would be the first government since 1931 not to have a science minister. The first Abbott government budget cut \$3 billion from science, research and innovation—cuts which were maintained in this year's budget. The CSIRO has lost \$110 million of funding, resulting in the loss of 500 jobs and the closure of eight research sites.

What does this mean in concrete terms? It means that eight infectious disease researchers at the Australian Animal Health Laboratory in Geelong, the only facility for researching live samples of deadly diseases such as Ebola, will lose their jobs. It means that the Aspendale laboratory, which focuses on marine and atmospheric research, will lose eight staff. Among those staff leaving are Paul Fraser, head of oceans and atmosphere, who has been honoured by NASA. Water research has been targeted. The Office of Water Science Research and the National Water Commission will be abolished. The Sustainable Rural Water Use and Infrastructure program has had a massive cut to its budget. The CSIRO's Victorian site, in Clayton, has seen the loss of staff who did work around advanced materials, nanotechnology, energy, mining and minerals. Organic chemist San Thang, who was regarded at one stage as a frontrunner for the Nobel Prize in Chemistry, has been made redundant. The CSIRO has also lost indirectly, as the government has folded the Australian Climate Change Science Program into the National Environmental Science Program. CSIRO has lost researchers who work on eucalypt forestry. It is hard to imagine what other organisation in the world will fill that vital gap in knowledge in forestry about a kind of tree that grows more in Australia than anywhere else.

The Chief Scientist, Ian Chubb, said in March that the government had 'got it wrong' with its science cuts. The government has been criticised by the head of Obesity Australia and the head of the Australian Academy of Science. We have seen considerable cuts to higher education research, again hacking into the country's science base. Those opposite often like to claim that they are in favour of innovation, and we saw a strong turnout yesterday when the member for Griffith and the member for Casey convened a gathering of the Parliamentary Friends of Innovation and Enterprise. But underpinning innovation and entrepreneurship is significant investment in science and research and development. The cuts to higher education, the cuts to CSIRO and the head-in-the-sand attitude to climate change—which has earned us the title of the only country in the world which is going backwards on climate change action—have left many wondering whether this government is serious about science and research.

The Parliamentary Library estimates that research and development spending will be 0.56 per cent of GDP in 2014-15, the equal lowest share of research and development spending since records began, in 1978-79. That contrasts with Labor, which takes science extremely seriously. That is why science formed a centrepiece of the Leader of the Opposition's budget reply, which focused on how we can make sure that kids at school have the chance to learn coding, the digital literacy of the 21st century, and how we can ensure that more young Australians are studying science, engineering, technology and mathematics so they have the skills to build new start-up businesses. Without significant investment in science and research and development, Australia will not be able to answer that vital question as to where the jobs of the future are coming from. Labor is deeply concerned that, under this government, science and research and development are going backwards.

I look forward to hearing, in the speeches of those opposite—I am sorry; the speech of those opposite; the member for Casey is the only one on that side of the House who has lined up to defend this bill—a coherent explanation as to what, since they are not going ahead with their unfair parental leave scheme or the 1.5 percentage point levy on big businesses, their rationale is for cutting the research and development tax credit by 1.5 percentage points. What is this apart from a cash grab by a desperate government? Why else would the government be trying to hack into the productive potential of the Australian economy, hack into that research base, at the very same time as the government—which began bereft of a science minister and continued by cutting CSIRO—has so put itself offside with the science community and so jeopardised the potential of the Australian economy to create new jobs? I look forward to hearing that 1.5 percentage point cut in the R&D tax credit justified by the member for Casey. Perhaps members opposite may think about joining the speakers list if they are so compelled. Maybe they can come up with more than yet another ad hoc argument for cutting research and development.