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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Small Business Measures
No. 1) Bill 2015, Tax Laws Amendment
(Small Business Measures No. 2) Bill 2015**

Second Reading

SPEECH

Wednesday, 3 June 2015

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Leigh, Andrew, MP

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Dr LEIGH (Fraser) (19:06): Labor supports the proposal to let small businesses instantly write off assets worth up to \$20,000, and we could not have been clearer about this.

Mr Katter interjecting—

Dr LEIGH: On budget night, my colleague the shadow Treasurer, Chris Bowen, directly and firmly stated:

... of course we will support more tax support for small business.

Mr Katter interjecting—

Dr LEIGH: It is curious that the member for Kennedy does not seem to be following his mother's advice right now. On budget night, the shadow Treasurer announced that Labor would be supporting this package, and, as the government knows, the Australian Taxation Office administers tax laws as though they had been immediately enacted upon announcement; it ensures that parties do not somehow make use of a sudden loophole. So, had the coalition not suggested to the Australian people that there was any uncertainty over Labor's support for this package, their announcement could have had full stimulatory effect, but, because they have spent the last week since budget night scaremongering and peddling the falsehood that Labor will not pass the small business package, they are beginning to undermine the stimulatory effect of their own package. It is extraordinary that, at a time when Australians are concerned about confidence—when they are looking for certainty—this parliament has one of the major parties saying they were going to support a small business tax measure, and yet we have the other party suggesting that there is not bipartisan support. The Australian Taxation Office will administer this law as though it had been immediately enacted, and the only risk to confidence is from the Abbott government themselves. But if they want this passed quickly, passed quickly it can be.

Today we have seen absolute hypocrisy, despite the fact that last week in question time we saw Bruce Billson saying:

The only thing people are uncertain about is whether Labor are going to muck around with this. Are they going to stand in the road? Labor, you did not do anything for small business when in office.

He forgets about the instant asset write-off as he says that.

Make sure you get behind this package and secure its early, safe and certain passage.

As the Prime Minister said on Monday:

Let us pass this bill straight away.

The same challenge was handed down by the Treasurer in question time on Monday:

This legislation is going to go through the House of Representatives this week ...

And then he said:

I lay down the challenge to the Labor Party: help us to get that legislation through the Senate as quickly as possible.

Yet, despite saying that they were absolutely keen for this bill to be off and racing towards the Senate, they passed up the chance to have it stamped, signed and delivered to the Senate before lunchtime today. Instead, we have the extraordinary spectacle of the Minister for Small Business, Bruce Billson, coming in here to vote against his own package going to the Senate. That is how extraordinary it is.

Mr Champion: It's not often you see this government oppose a gag motion.

Dr LEIGH: As the shadow minister at the table points out, the opposition of a gag motion by the government is itself bizarre! But, in the context of what the government has been saying about the urgency of getting this bill to the Senate, it is amazing that they were not willing to take up Labor's constructive proposal to get it there quickly. But this sort of opportunistic, short-term approach perhaps should not surprise us, given the government's approach to long-term policy making.

Superannuation taxation concessions are rising in value at a rapid rate. We know that soon they will exceed the value of the age pension, and they are of concern to the secretary of the Treasury and to every serious economist in Australia—to, indeed, the Assistant Treasurer. But the Prime Minister is still saying that he does not want to deal with superannuation tax concessions, despite having put out a tax white paper one of whose questions is whether or not our current superannuation tax concessions approach is sustainable. Let us be clear: our superannuation tax concessions are not fair and they are not sustainable. The top one per cent of Australians get more superannuation tax concessions than the bottom 40 per cent of Australians.

We have a multinational tax package from this government which is not even costed. In Senate estimates yesterday, the Minister for Finance said: 'We do not have a credible figure for it.' Senator Dastyari said: 'You have not costed it?' The Minister for Finance said: 'Well, they are your words. What we have decided is—' Senator Dastyari: 'The question is: have you costed it?' Mathias Cormann: 'Well, the answer is: we have not, because we do not have the necessary information to credibly do that.' So what we have from this government is a multinational tax package whose elements, if you add them up, come to just \$30 million. Thirty million dollars is less than one-sixtieth of what Labor's carefully costed multinational tax package would raise; indeed, a package which not only raises \$2 billion—

Mr Fletcher: Mr Deputy Speaker, I rise on a point of order on relevance. The member is speaking about matters that are far away from the subject of the bill before the House this evening, and I ask you to direct him to return his remarks to the bill before the House this evening.

The DEPUTY SPEAKER (Mr Goodenough): Please, Member for Fraser, restrict your remarks to relevance.

Dr LEIGH: Thank you, Deputy Speaker, but the key question of relevance here is the impact that this will have on the Australian economy and the way in which it fits in to the decisions that the government is making. On superannuation tax concessions, their unwillingness to act has been hurting confidence in Australia in their economic skills. On multinational tax, their unwillingness to put on the table a proper package, again is deeply inadequate.

Labor supports a fair and sustainable small business package. But what concerns us is the impact that it will have on bringing down the unemployment rate. We have the unemployment rate now up to 6.2 per cent, well above where it was when Labor left office. Will this small business tax package on its own bring down the unemployment rate to below six per cent? I would like to think so, but, when you have a government which is preventing young job seekers from getting any assistance for an additional month, and when you have 769,500 Australians looking for work now, then you have to worry about whether or not this small business package will be enough to get the Australian economy going.

When he was the shadow Treasurer, Joe Hockey described the cash rate as 'at emergency levels'. The current cash rate, two per cent, is half a per cent below where it was when the Treasurer said that it was at emergency levels.

We have consumer confidence now seven per cent lower than when the coalition came to office. And consumer confidence is not helped by the government's needless fearmongering about Labor's support for this small business package. Private capital expenditure is now down 11 per cent from the last federal election. The march quarter result is the worst since the global financial crisis. Following the Abbott government's second budget, Dun and Bradstreet's business expectation index dropped seven points from 20.7 to 13.4 points.

So much for the much-promised shot of adrenaline to the economy. Instead, the chaotic mismanagement, the cabinet leaks, and the inability to deliver sensible tax reform have been like a double dose of Mogadon. This measure is one that takes a risk. That risk arises because of the sudden end to the instant asset write-off package. We know that when governments put in place time-limited measures and then take them away it can be like taking away the punch bowl just at the time when everyone needs to have a drink. We have seen this recently from the

example of Japan's consumption tax. Japan attempted to stimulate their economy by cutting their consumption tax rate. Then recently—last year—they raised it from five per cent to 8 per cent. The result was to plunge the Japanese economy into recession. That is what you get with temporary measures that are not carefully thought through in terms of their long-term effect on business.

Labor supports small business because we want to create jobs in Australia. We saw this in the Leader of the Opposition's budget reply. He spoke not only about the importance of small business but offered to go further and work in a bipartisan fashion with the government on small business tax reform. We are also aware of the impact of start-ups and new businesses as a major driver of job creation. Two-thirds of Australian workers are employed by companies with fewer than 200 staff. The OECD has found that small firms younger than five years old create 42 per cent of new jobs. If we want to create good jobs by the thousands, we need to work harder at building an economic ecosystem in which innovation and entrepreneurship will flourish.

It was my pleasure to join the Leader of the Opposition at Dickson College today to meet a range of young Canberrans who are working on coding and robotics and learning the skills that they will need for the modern economy. That is why Labor is committed to expanding the opportunities for young Australians to study coding at school. We are committed to boosting the number of people studying science, technology, engineering and maths at university. Many of the young people we met today at Dickson College may well end up as Canberra entrepreneurs contributing to the innovative entrepreneurial businesses that I am so proud to see in this ideas city.

Facilities such as Entry 29 and the Australian Academy of Interactive Entertainment, which encourages gaming and the coding of computer games here in ACT, are part of building the start-up enterprises of the future. Labor has also said that to encourage more small businesses we are going to establish a \$500 million Smart Investment Fund to co-invest in early stage and high potential companies. We will be partnering with venture capitalists and licensed fund managers to make those investments. We are going to ensure that this money is spent on start-ups with real potential to make it big and to create local jobs in the process.

While this budget contains measures for small business, it does not create sufficient measures for innovative businesses. There are still obstacles to crowd-sourced equity funding. There is still a lack of appropriate venture capital investment to allow enterprises to flourish. I was recently at BlueChilli in Sydney, a venture capital incubator that works with a unique model. It provides shared engineering skills to the firms there. Seeing the start-ups there gives you real hope about the potential promise of these new start-ups, if only they had a government that is willing to back innovation and entrepreneurship. In Wollongong, the University of Wollongong's iAccelerate centre provides opportunities for small businesses there to grow and innovate. One business we spoke with there is working on creating 3-D printers for use in schools. The great thing about having 3-D printers in schools is that students are able to learn coding and boost their robotic skills. At Dickson College today the students were working on robotic hands. That required both the coding skills in order to code the robotic hands, and also use of the in-house 3-D printer. These skills, which once upon a time would have been the preserve of graduate students at university, are now being engaged in by 16 and 17-year-olds such as the ones we met today.

Labor will support these bills and support them with more enthusiasm than the government. We would have had these bills passed 10 hours ago if we had had our druthers. Those opposite who are complaining about the duration of my speech would not have had to put up with it had they been willing to join us in sending this bill over to the Senate.

The Australian people also need a government that is committed to innovation and entrepreneurship, that is interested in teaching's kids to code, and that is interested in investing in science and innovation. At a time when one in five CSIRO jobs are on the chopping block, the scientific community in Australia is genuinely asking the question: is this a government that is interested in innovation and science? We know that Australia ranks too low on overall investment in science and research. Part of the challenge there is boosting not just the government effort but also the business effort as well. Labor is committed to that challenge because it answers the question of where the jobs of the future will come from. Australia needs a government committed to the future and to creating jobs in that environment. *(Time expired)*