

21 February 2008

TAX LAWS AMENDMENT (2008 MEASURES NO. 1)

BILL 2008

Second Reading

Mr BRADBURY (Lindsay) (12.19 p.m.)—I certainly endorse the sentiments of the member for Dickson, and I am sure I speak on behalf of all of those on this side of the House when I say that this amendment in many ways demonstrates the ability of individuals to shape and influence the institutions and the decisions of government. It is important that we support that.

I rise to speak in support of each of the measures proposed in this Tax Laws Amendment (2008 Measures No. 1) Bill 2008. I must say from the outset that, whilst I echo the comments of the member for Dickson, I do not support the amendment put forward by the member for Stirling which was seconded by the member for Dickson. I will speak to the issue of the schedule 1 proposal shortly.

There are some very good measures in this bill. I will not speak at length about each and every one of them but obviously I support schedule 2, the case that was inspired by Ms Fiddimore and her story. Those legislative changes will rectify that situation and demonstrate the necessary compassion that this place would like to see borne out in our superannuation laws.

In relation to schedule 3, I am very pleased to be able to participate in this debate because I have been very much involved in advocating the need for our tax laws to better reflect some of the social and environmental objectives that we as a community are seeking. This is an example of the tax laws being used for that purpose. This measure, which relates to the establishment of trees for the purpose of creating carbon sink forests, will allow the establishment costs of those forests, which would ordinarily be capital in nature, to be deductible. There are two parts to this: in the first instance, that expenditure would be deductible for the income years between 2007-08 and 2011-12. In the period thereafter, those incurring that expenditure would have access to the provisions of division 40, in order to obtain the benefit of ongoing deductions under the capital allowances regime, over 14 years and 105 days at a rate of seven per cent per annum.

This differential between the two approaches very much reflects the need to get on with the job when it comes to our responses to greenhouse gas emissions and our nation's response to climate change. I am very proud that, in the short time since I was elected as the member for Lindsay, this government has taken significant action in respect of moving forward, making Kyoto something that this nation has now embraced and taking some of the necessary steps to implement our responses, and this measure will form a part of that.

I support the other measures, but I would like to comment more specifically on the only measure in this bill that seems to be in contention—that is, the provisions of schedule 1. Can I begin by saying that one very simple fact that has been ignored by members opposite is that this measure reflects an election commitment. I have heard members on the other side suggest that this is a rather odd place to find a

measure such as this. I suggest to them, through you, Mr Deputy Speaker Slipper, that this is not an odd place to find a revenue measure—and that is precisely what this is.

This measure, which was announced in a media statement entitled 'Labor's \$3 billion Savings Plan' on 2 March 2007, was designed to achieve one thing principally, and that was to contribute to overall savings for the Labor Party, when it was in opposition, in terms of how it would not only present a platform for the election but also be able to deliver and pay for that. This is something that we put before the Australian people, and it forms part of our platform, part of our agenda. So members on the other side should not be surprised to see that, with such haste, we have brought this matter before the parliament—as we have done with other matters that form part of our legislative agenda. I think it is a little bit cute to be suggesting that this is not an appropriate place for this measure to be found.

One of the other measures that was contained within the \$3 billion worth of savings was the measure that related to reversing an increase in MPs' printing allowances. That reversal related to changes that had been made under the former government which had dramatically increased the printing allowance available to MPs. There is something that I find just a little hypocritical here. I do not want to fall into the same trap that the member for Stirling fell into with the exaggerations and the hyperbole that characterised his contribution to the House—I think at one point he said that there was 'absolute egregious hypocrisy' on the part of the government, and I will come back to 'absolute egregious hypocrisy' in a moment—but I would say that, in respect of the savings measure related to the increase in printing allowances, those members of the former government, now members of the current opposition, have remained rather silent on this issue.

I see from a review of the Hansard of yesterday's proceedings in the House that the member for Wentworth had some interesting comments to make on the issue of incumbency. (Quorum formed)
Yesterday the member for Wentworth said in this House:

The question that we have to ask ourselves, as Australians committed to a contestable democracy, is what price democracy if one side of politics has an inordinate share of the financial resources available for campaigning?

And he went on to suggest that this particular measure was about nothing more than entrenching the power of the incumbency that the government currently enjoys. I have to say that I find this rather curious, given the many measures employed by the former government—many of them at great expense to the taxpayer—in order to boost and entrench the incumbency of the then government.

I have already referred to the increase in the printing allowance. We could go into a very detailed discussion about the benefits to our great democracy of the \$2 billion worth of political advertising that our community was subjected to over the 11 years of the former government. Unfortunately, I did not hear the member for Wentworth, the member for Stirling or any member from the other side suggest that to entrench the power of incumbents would in some way go to the very heart of breaking up our democracy. In fact, I think that the words of the member for Wentworth this morning were that this proposal was a 'poison pill'—poisonous to our democracy. It defies explanation, it defies justification on his part to suggest that, and I intend to go through some aspects of how that is simply not the case. Before doing so, can I say that I welcome the member for Wentworth's preparedness to engage in a discussion about campaign finance reform. But what I find just a little bit rich is to see the member for

Wentworth, of all the people in this House, coming forward to talk about the evils of political donations and how this is a great scourge that this parliament has to stamp out. Of all people, I would not have expected the member for Wentworth to be leading the charge.

One of the things that I noted in the 2004 electoral returns was that the member for Wentworth himself submitted a return—as this great democracy requires—and in that return there are a number of expenditure and campaign items which come to the rather modest total of \$609,000. That is how much money was raised and expended in the campaign for the member for Wentworth in the 2004 election. That is some serious political fundraising. The member for Wentworth is, of course, a former federal Treasurer of the Liberal Party.

Interjection

Mr Morrison interjecting—

Continue

Mr BRADBURY—I hear an interjection across the chamber from the member for Cook, who, if memory serves me correctly, was also the state director around the same time. What you had back in those days was the member for Wentworth knocking on the doors and the member for Cook following him around with his cap, collecting all the shekels of those willing to make a contribution to the Liberal Party.

Such is the prolific reputation of the member for Wentworth's contribution to fundraising in our great democracy that an article in the Daily Telegraph on 1 August 2007 detailed some of his fundraising exploits. In fact, to join the Wentworth Forum—the principal fundraising arm for the member for Wentworth and his re-election to the seat and, no doubt, many other aspirations that he holds—the meagre amount of \$55,000 would get a seat at the table for one of the poor individuals that the member for Wentworth seems to think are being deprived of their democratic rights through the expression of this bill.

I find it extraordinary to hear the member for Wentworth come forward and try to teach us, with such eloquence, a great lesson about the need to curb donations from the big end of town. In my view, that is akin to being taught a lesson in good manners by Wayne Carey. It is not something that anyone would rightfully expect or be prepared to accept, given the sheer hypocrisy of it. To quote the words of the member for Stirling, I would say that it is 'absolute egregious hypocrisy'.

If I can turn to the specific tax deductability issues of this bill, I want to quote from a submission by some experts to a previous Joint Standing Committee on Electoral Matters inquiry into these matters. Mr Orr and Mr Tham indicated in a submission that, in relation to tax deductions for donations—and, in particular, donations by companies—'Such deductions by companies would also, in effect, generate a public subsidy towards the payment.' Earlier in the footnote from which I read, it says, 'This would be clearly against public policy,' and it indicates that it would not be appropriate to extend deductability of contributions to corporations—which, I might add, is something that the former government did.

In relation to the tax deductability issue, it is a simple proposition that those on higher marginal tax rates get a greater benefit from the contribution that they make, so there is not a lot of assistance for a pensioner who wishes to make a contribution. In response to the member for Stirling, why should members of a collective organisation be denied the opportunity to contribute, any more so than

an individual? It is an interesting point that the member for Wentworth made in relation to the so-called preserved and privileged position of unions within this system. The interesting point that he failed to make—and he would appreciate this, because I know of his great love of the minutiae of tax legislation—is in the specifics of the legislation, and in particular in section 50-15 of the Income Tax Assessment Act 1997, where it says that the tax exempt status that is afforded to trade unions is also extended to employer associations. So for anyone to come into this place and suggest that this is a one-sided tax exemption that exists for those trade unions is mere folly. Go and have a look at section 50; and, in looking at section 50, all members will be able to see that that is clearly not the case.

In relation to some of the peak bodies such as the Business Council of Australia et cetera, some of those bodies would also no doubt benefit from the taxation principle of mutuality, in which case they would obtain at least limited benefits from the taxation law in terms of contributions that they make. So please do not come into this House and suggest for one moment that trade unions in some way enjoy privileged status. The member for Wentworth made the startling observation that the trade unions contributed to the Australian Labor Party's campaign at the last election. I cannot, for the life of me, figure out why they did not contribute to the Liberal Party's campaign! They were determined to get rid of the former government's unfair and extreme Work Choices laws. Don't ever forget that, while those opposite failed to put their Work Choices laws before the Australian people, this very schedule that we are now debating was one of the measures that we did put before the Australian people. We have a mandate for it. We do not need to send it off to a committee in order to see whether or not a commitment we made needs to be delivered on. Unlike those opposite, we do not distinguish between core and non-core promises. It was a promise and we intend to deliver on it.

Can I also say that the member for Stirling I thought made some rather pertinent comments in one of his previous contributions to the House. He suggested that the most appropriate place for referring matters relating to the conduct of elections, specifically the conduct of elections that have just occurred, was to the Joint Standing Committee on Electoral Matters. I understand that the member for Casey, who is in the chamber, previously chaired one of those committees. I think that that is entirely appropriate. I would call upon the member for Stirling, the member for Casey and the member for Cook—in their zeal and great eagerness to see this matter referred to that committee—to reflect upon the previous comments of the member for Stirling in this place. He said the way in which elections are conducted are matters that should be referred to the Joint Standing Committee on Electoral Matters. I would call upon them to support the referral to that committee of the actions of some of their fellow Liberal Party members in the seat of Lindsay in the last election campaign. I would call on them to refer those matters to that committee for its specific attention. In doing so I would also ask that the committee consider the role of the member for Warringah, because he is on the record saying that the Warringah federal electorate conference, which I assume is some fundraising arm of his, contributed—and, in fact, if I can use the terminology—bankrolled the campaign in Lindsay. If he bankrolled the campaign in Lindsay I think it is incumbent upon this place and the committees that report to this place and to the other chamber to investigate these matters and to see specifically what role the member for Warringah and the electoral funds that he has collected had in the activities that occurred in Lindsay. I support the proposals that are contained within this bill and I am sure that the opposition will acknowledge the mandate that the government has in respect of these items.