

11 November 2008

TAX LAWS AMENDMENT (EDUCATION REFUND)

BILL 2008

Second Reading

Mr BRADBURY (Lindsay) (6.33 p.m.) — It is with great pleasure that I rise to speak in support of the Tax Laws Amendment (Education Refund) Bill 2008 and recognise that the contents of this bill relate to one of the key commitments that was made by the Labor Party before the last election, and that relates to the education tax refund. I wish to add my comments to the comments of those who have preceded me in this debate in supporting this initiative, one that I think will have a tremendous impact in easing the squeeze of the cost-of-living pressures that families right throughout this country are facing, particularly parents with children of school age.

This initiative, the education tax refund, is very much targeted towards providing support for families on the home front when it comes to the educational challenges that students inevitably go through. The Rudd Labor government's education revolution has many facets, and I have talked about many of those in this place consistently. The education revolution includes our initiatives in relation to computers in schools and our initiatives in relation to trades training centres in schools. But this particular proposal will, if passed, allow parents to have a tax refund on some of the expenditure that they incur in relation to educational costs for their children. The maximum limit for secondary students is to claim a 50 per cent tax refund on expenditure up to \$1,500 and, for primary school students, a 50 per cent tax refund on expenditure up to \$750. So the total benefit in relation to a secondary school student is \$750 and the total benefit in relation to a primary school student is \$375. Of course, these benefits are available to parents whose families would otherwise be eligible for family tax benefit part A.

In terms of the scope of this particular measure, I should note that, in commenting on the thresholds and the limits, one of the significant components that I noted in considering the bill was that those students who might be in year 6 transitioning into year 7 through the course of the present financial year will be able to obtain the benefit of the higher figure, so they will be eligible for a 50 per cent refund on up to \$1,500 worth of expenditure. What types of expenditure are considered to be eligible for the education tax refund? They include expenditure on laptops, home computers and associated costs, whether they be in the form of repairs, running costs or leases, if the equipment is leased, and, significantly, home internet connection, printers and paper. It also includes educational software, school textbooks and other material, including prescribed textbooks and associated learning materials, study guides, stationery and prescribed trade tools.

One of the criticisms that has been levelled by those on the other side is that the range of expenses that fall within the scope of the education tax refund is quite limited. There is an interesting observation that should be made in relation to those criticisms, and that is simply that those on the other side had a very long period of time in government—11½ years—and in that time we did not at any stage see any moves towards the implementation of a tax refund for educational expenses of any kind. In fact, it was only after the announcement by the Labor Party in opposition that, if elected, we would implement an education

tax refund that the former Prime Minister, the then member for Bennelong, sought to come up with an alternative proposal, an education tax refund that was said to be much more wide-ranging than the one that is presently before the House for consideration. The costings at the time indicated that the coalition proposal was in the order of three times the cost of the Labor Party's proposal, but let us just put those cost issues to one side—although I note that the coalition, with their determination to block key measures of our budget over the past six months, have done their level best to erode any surplus that is at the government's disposal. Of course, that surplus is now showing its worth and just how significant it is to us as a nation as we prepare to dip into it in order to protect our economy against the emerging challenges associated with the global financial crisis and the flow-on effects that will come from that.

Whilst the education tax refund is limited, it is limited in a very targeted way. The refund is limited towards direct educational expenses incurred by parents in relation to their students at home, such as the cost of a laptop, the cost of an internet connection, the cost of cartridges. It never ceases to amaze me just how expensive some of these items are. Cartridges can cost anywhere from \$25 to \$50, depending on the nature of the printer. And that is just for a cartridge for a printer. Printers can range in price anywhere from \$150 to \$500 for a fairly basic model. One of the most significant aspects of the coverage of this particular initiative is internet access. I note that a fairly basic broadband internet package with fairly minor establishment costs is most likely to cost anywhere upwards from around \$650—which is probably about the cheapest package you are likely to find. So the education tax refund will allow many families to receive some tax relief, a 50 per cent refund, on expenses incurred in relation to those costs. They are key costs, vital and essential costs, in the education and development of students as they go through an education system in the 21st century.

Another significant element of this proposal is that the tax offset that constitutes the education tax refund is a refundable tax offset. The significance of that is that there are refundable tax offsets and there are non-refundable tax offsets. The benefit of a refundable tax offset is that those taxpayers who do not pay tax or have not paid sufficient tax in order to get the benefit of an offset are still able to receive the offset in the form of a rebate or a refund. This design feature of this proposal will ensure that those at the lower income level, those that are least able to afford the educational expenses required to provide the necessary support to their children, will still be able to obtain the full benefit of this refund. It is significant that the benefit has been provided in the form of a tax refund rather than a tax deduction. A tax deduction will always be slanted in favour of those on higher tax rates and, by definition, those on higher incomes. So these are significant design elements of this particular proposal. I think they will go a long way towards addressing some of the disadvantage that exists within families across this country and addressing the digital divide we have heard so much about, most recently, in this debate, from the member for Lyne, the member for Solomon and member for Wakefield.

I believe that the benefit of this measure will be great. I note that it relates to the current tax year, so I hope that parents out there are keeping their receipts from 1 July this year, because at the end of the financial year they will be eligible, provided they meet the eligibility requirements, to obtain the benefit of that tax refund. It is also relevant to reflect upon the government's decisive action in relation to the fiscal stimulus provided through the Economic Security Strategy and I think it is important that we do this from the perspective that, from the first week in December, families eligible for family tax benefit part A will receive a payment of \$1,000 per child. I would like to encourage many families out there that might be in a position to take advantage of that one-off payment to utilise that payment to go out and purchase a laptop computer or some equipment that will assist their children in progressing their

educational opportunities. I do that because I think it is a good deal for any parent who is in a position to do that. I know that many people will be using that money for some much more basic and necessitous items that the household budget might not otherwise provide for, but I think it is important to note just how important it is that children and students have the opportunity to further their learning through the use of a laptop or a computer at home.

The double benefit that will be provided to parents is that if they use that payment they receive in the first week of December—that is a payment that in the household budget should be considered to be something of a windfall—they will still be entitled to the education tax refund on that expenditure. So, apart from the fact that they will be getting \$1,000 from the government in the first week of December, they will then be able, provided that they qualify, to expend that money on an education related purpose for their child, and then at the end of the tax year they will get the benefit of a 50 per cent refund on that expenditure up to the limits.

From my discussions with many parents in my electorate, I think it will be taken up by many families, particularly those families that have a couple of children. Let us assume you have two children who are secondary school students and you do not have a computer at home—and the reality is that there are still many families in my electorate that do not have a computer in their home—and you are eligible for family tax benefit part A. The \$1,000 per child that is likely to be coming in in the next month or so may give you the ability to purchase a computer while the leftover money, the surplus funds, might be spent on an internet connection and the ongoing costs of maintaining that connection for the rest of the financial year. If a family were to do that, they would be taking that \$2,000 windfall and spending it, and that money would be doing what we want it to do, which is provide further stimulus to the economy. In doing so, it would also be leaving that family the option of claiming the education tax refund, which would amount to \$1,000 of that \$2,000. So it is quite a good deal.

There are a lot of people out there saying we should not be telling families how they should be spending their money and, in the end, families will spend their money as they think most appropriate. But this is something I will definitely be encouraging many parents within my electorate to consider, because I think it is a very good and very wise means by which these two initiatives of the government can be taken advantage of for the benefit of their children.

Throughout the course of this debate there has been a lot of discussion about education issues more generally. I know that those on the other side have singled out a few areas of criticism of the government's approach. I wish to respond to some of those, but let me begin by saying that there has been an interesting chorus of critical comments coming from the other side in relation to the Investing in our Schools program. There is one slight difference in the approach that has been taken by most of the speakers on that side as compared to the shadow Treasurer, who in her contribution to this debate made comment on Investing in our Schools but importantly did not suggest that this government had cut that program. She did that because she is very aware of the history of that program. Whilst there are some on the other side that are prepared to turn a blind eye to the facts of this matter, it is important to reflect on that history. The history of the Investing in our Schools program shows that the former government had not made any provision to continue that program into the future and, as a result, had evinced a clear intention to not continue with that program.

Let us have a look at Investing in our Schools. It was announced as part of the 2004 election campaign. The first round of funding opened up in 2005. Rounds 2 and 3 occurred in 2006. On 9 May 2006, Ms Julie Bishop, who was then the Minister for Education, Science and Training, issued a press release stating that the program would conclude in 2008. On 19 February 2007, the then Prime Minister announced the final round of Investing in our Schools funding, worth \$181 million. Let me quote from his comments on his weekly radio address, which is where this announcement was made:

To ensure that every school community has an opportunity to benefit from this program, we are providing an additional \$127 million to government schools and an additional \$54 million to non-government schools in 2007—

wait for it—

for a final round of funding.

It was always the intention of the government to bring this program to its conclusion. So it is far from merely being disingenuous for those on the other side to suggest that the Rudd government has brought this program to an end; it is downright misleading. Notwithstanding that, there are measures that we have already implemented in relation to computers in schools. We are beginning to see the first round of applications approved for the trades training centres in our schools. It will not be long before we start to see some of those centres delivered in schools right across the country.

I acknowledge that there has been a lot of controversy surrounding the computers, but for all of that controversy I see nothing but good news in this proposal. Recently I visited one of the local schools that has been a beneficiary of this initiative. I should note that 2,135 computers have been delivered to schools in my electorate. That is 2,135 computers for which, had the Rudd Labor government not been elected, funding would not have been allocated. Had the Rudd Labor government not been elected, computers would not be sitting on desks in classrooms in my electorate. There have been massive benefits to the local community, including schools such as St Dominics College, Jamison High School, Xavier College, McCarthy Catholic College, Penrith High School, Cranebrook High School, Kingswood High School, Colyton High School, Glenmore Park High School, Nepean High School, Penrith Christian School and Penrith Anglican College. You can see that there are government and non-government schools in that list. Being beneficiaries under the first round reflects the fact that their ratios had been greater than one to eight—more than eight students for every one computer. So there was a real need in many schools in my electorate, and that need in large part is being met as a result of the early implementation of the Rudd government's Computers in Schools initiative.

When I visited Xavier College at Llandilo recently, a number of comments were made by those teachers and the principle that I met. The IT coordinator, Mr Andrew Wonson, said, 'You're bringing the whole world into the class. Learning's not limited to the four walls'. I will read from the Penrith Press:

Xavier College principal Tricia Maidens said the cost of security and electricity associated with the computer grants is far outweighed by the advancements in education. "In the future we would have had to incur that cost anyway," Mrs Maidens said.

"It's such a natural part of their (the students) lives. They're very comfortable with the technology.

"It's anywhere anytime."



So we are seeing real benefits being delivered into schools within my community. Let me conclude by making an observation that emerged from my visit to Xavier College—that is, at the time that I visited I had a discussion with the principal and some of the students in relation to the national curriculum. Some students were at that point sitting the HSC. It emerged as a real issue to me that we should not be conducting our examinations requiring kids to hand write their responses—as we implement computers in schools more and more the emphasis should be on examining them through the same medium that they have learnt. That is where I think there is a real opportunity as part of the move towards a national curriculum to ensure that into the future we not only move our classrooms into the future but also ensure that the examination rooms are fit for what is occurring and what is the norm in the 21st century.