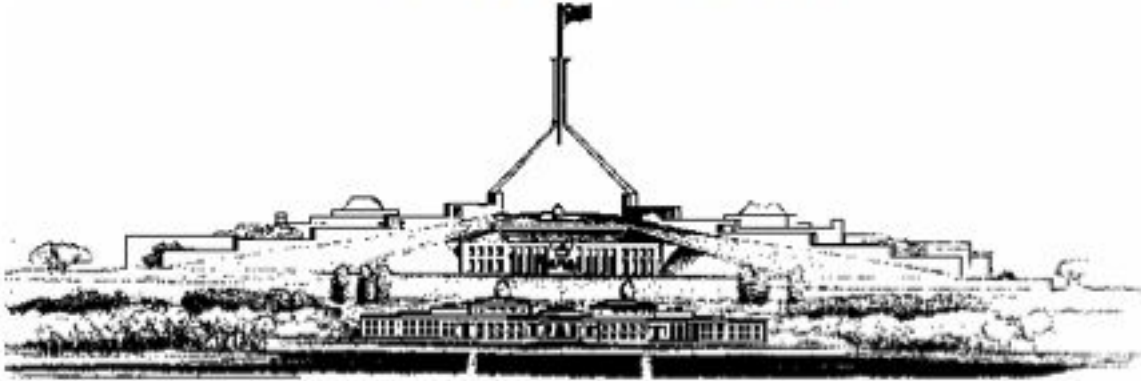




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax and Superannuation Laws Amendment
(2014 Measures No. 4) Bill 2014, Tax
and Superannuation Laws Amendment
(2014 Measures No. 5) Bill 2014**

Second Reading

SPEECH

Wednesday, 24 September 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Speaker	Albanese, Anthony, MP	Question No.	

Mr ALBANESE (Grayndler) (16:30): I rise to speak on one aspect of the Tax and Superannuation Laws Amendment (2014 Measures No. 5) Bill 2014, the second of the two bills that are currently before the House.

My colleague, the shadow treasurer, has already foreshadowed that the opposition will not support the government-proposed abolition of the seafarers tax offset. When clicking through the second reading speech of the Parliamentary Secretary to the Treasurer, I was taken by his claim that the abolition of the seafarers tax offset was part of the government's attempt to reduce costs of business. Given that this offset is actually a rebate for business, I am not sure that the parliamentary secretary has any idea what he is talking about. No wonder they do not have an Assistant Treasurer sitting opposite; it is because they do not have anyone—certainly not the Parliamentary Secretary to the Treasurer—who actually understands the tax system. This is a tax offset, designed to level the playing field between the Australian shipping industry and the foreign shipping industry. But this ignorance of the fine detail does not really surprise me.

The bill is the latest manifestation of this government's ideologically driven campaign to take on anything to do with the former government's shipping reform. The extraordinary thing is that this is a government which is out there talking about costs to the Australian shipping industry, but which is now proposing to gain savings by taking a rebate away from businesses here in Australia. There has been no consideration of the costs against the benefits of this proposition. Its lack of balanced consideration means that it opposes any of the reforms that were done as part of reforming and revitalising the Australian maritime sector during the last term of parliament—even though these changes were done completely in consultation with Australian industry: we established a group that included players in Australian industry, such as Rio Tinto and the big players in Australian shipping; and in relation to taxation, it was chaired by the Department of Treasury. And they came up with this proposal. In relation to an Australian who is working on an Australian-registered vessel: if that Australian is in the harbour at Southampton, they of course, currently, would have to pay Australian taxation rates. However, if that person is working in the pub at the port of Southampton, they of course would not be paying Australian taxation rates. So it is an extraordinary proposition that they have come up with. It was also recognised in their analysis that, for seafarers with our competitors for our Australian shipping, such as Singapore and other countries, they do not pay rates of their domestic taxation. So it was about having a level playing field for Australian shipping—as simple as that.

The former government introduced the offset in 2012, as part of a package designed to assist Australian shipping companies to compete against their international rivals; not through a protectionist measure, but through having a genuinely level playing field. The package included the creation the Australian International Shipping Register, which was designed to improve the competitiveness of Australian-operated ships. The seafarers tax offset provides a rebate to employers of Australian staff for part of the income tax withheld while those staff work on international voyages. In other words, it offers a tax break for companies which hire Australian seafarers to work on international voyages. It is payable for each employee a shipper hires, for at least 91 days in a year, on voyages to and from places outside of Australia—that is the important point here. The amount of tax offset is equivalent to 30 per cent of the seafarer's pay. The whole point of the rebate is to help strengthen the Australian shipping industry—a worthy aim, particularly given that Australia is an island continent, and that 99 per cent of our exports and imports are moved by sea.

According to the Australian Shipowners Association—which strongly supports the offset—there were only four Australian flagships involved in our international maritime trade. The association says this is equivalent to only 0.5 per cent of the total freight task. That is simply not good enough. Surely our country can do better, not just to help Australian shipping companies but also to create jobs for young Australians—jobs that would provide skills that could then be used in the maritime sector across the board, whether it be people who work in our ports, or people who work in the Navy. There is a real correlation between the maritime defence industry and the maritime sector.

Mr Ciobo interjecting—

Mr ALBANESE: The idiot opposite speaks about this policy because of—

Mr Ciobo: Mr Deputy Speaker—

Mr ALBANESE: I withdraw. The ignorant parliamentary secretary opposite—

Mr Ciobo: Mr Deputy Speaker, I rise on a point of order. I ask that the member for Grayndler withdraw his unparliamentary language.

Mr ALBANESE: No. I took offence to a range of things the member for Moncrieff said across the chamber. 'Ignorant' is not unparliamentary. What is ignorant is when a member says a rebate to a company is about a union, which is what he said across the chamber. The Australian Shipowners Association is an employer body. I will explain it to him really slowly, so that he gets it. It is an employer body, and it is a tax offset to a company. It does not provide money or income to a union member or a worker. That is the problem of those opposite—they are so ideological that anything to do with the Australian shipping industry becomes about their anti-union crusade. In undertaking this crusade they are attacking Australian industry; the Australian Shipowners Association. They are attacking the groups that sat down and worked this out as a policy for industry—a policy that is not protectionist, but a policy that is about growing Australian industry and growing Australian jobs. Those opposite do not seem to understand that.

We want to see Australian shipping companies that are successful. But if you have an Australian shipping company and a foreign shipping company attempting to ply the same route and the foreign shipping company can do it cheaper because of the policies put in place by this government, then we have to address that and try to get a genuinely level playing field. That is what this policy did. I want to see Australia, an island continent, as a shipping nation with a thriving local maritime industry. Those opposite see that as a provocative statement that is about trade unionism. It is an extraordinary position that they have. The long-term effect of these sorts of changes and the failure to defend Australia's maritime industry will mean a loss of jobs. They want to talk a lot about borders and security and boats, but they do not want to talk about the Australian flag being on the back of Australian ships with Australian seafarers. If some of those opposite think that the maritime sector has no relationship at all with Australia's national security or with protection of the Australian environment, depending upon which ships go through the Great Barrier Reef, then I am afraid that does show their ignorance about what is good policy.

The 2012 reforms had the backing of industry, and they followed more than a year of careful consultation with industry. Immediately those opposite came to office they indicated that they would be winding it all back, therefore ensuring that you did not get that investment that was envisaged. The parliamentary secretary said in his speech that the reforms had failed, but they had not been given a chance to operate. Those opposite have said that the reforms will be wound back immediately. You should go and talk to people like the Ascianos and the big players in the industry that employ Australians. Many of these companies would agree with you about a whole range of issues, but I will tell you what: they do not agree with you on putting up the white flag and saying there is no role for Australian ships. If an island continent such as Australia has no shipping industry, there will be real long-term consequences in terms of the loss of that skills base.

We want reform in the national interest. This reform that they are attempting to wind back here is a saving—and that is the point. It is a saving to the government from removing a rebate for business. By all means, argue that business should not deserve that rebate, but do it on the basis of the reality, not on the basis of this nonsense that somehow it is not a rebate for business. At least understand the legislation that is before the parliament in terms of the changes that are being put forward. This is very disappointing indeed for Australian industry. I spoke to the head of the Australian Shipowners Association today, and there is a great deal of disappointment about the fact that the coalition has made no attempt to have proper policy development and process on this. We did. We made no apologies for the fact that we did negotiate and had input from and consultation with unions as well as employers and others in the sector. Everyone from the National Farmers' Federation to Rio Tinto and the Business Council were all involved and were able to participate in that process. I commend the amendment to this legislation that will be moved by the shadow Treasurer. He is doing that because of the flawed proposition being put forward by the government to run what is a very narrow, ideological and misguided agenda.