



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

**QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS**

Dividend Imputation

SPEECH

Monday, 19 March 2018

BY AUTHORITY OF THE SENATE

SPEECH

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Questioner
Speaker Colbeck, Sen Richard

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Senator COLBECK (Tasmania—Minister for Tourism and International Education and Minister Assisting the Minister for Trade and Investment) (15:33): It was interesting listening to the commencement of Senator McAllister's presentation, because it was almost as if the only thing she didn't want to talk about was Labor's policy. Labor talk about fairness, and you hear them talk about fairness a lot. Senator Ketter also talked about what Labor's policy wouldn't do, including that it wouldn't take the pension and wouldn't take dividends. But what Labor's policy is doing is taking away pensioners' and self-funded retirees' and part-pensioners' income.

These returns form an important part of their income. When you consider that more than half of the individuals receiving these refunded franking credits have taxable incomes of less than \$18,200—more than half—and 86 per cent have incomes less than \$37,000 and the discussion amongst members of the Labor Party is that perhaps the revenue from this measure, or the saving from this measure, could be put towards a tax cut, how fair is it that that tax cut is off the reduction in the direct income, the direct available funds, of people earning less than \$37,000 or \$18,200? With 86 per cent of these individuals having incomes less than \$37,000, how fair is it that the rest of the community gets a tax deduction on the back of this measure? How fair is that?

How fair is it that a constituent who was in touch with me last week, with a total income of \$23,000 including these franking credits, is going to lose \$5,000 of that income? How fair is that? That is the on-the-ground, practical effect of what's going to happen. Now, this couple don't have a huge, multimillion-dollar retirement fund. They have a couple of hundred thousand dollars worth of shares, and that's what they live on. That is what they live on. This measure is going to directly reduce their current available funds to live on, \$23,000, by about \$5,000. How fair is it that that then goes into a tax deduction for someone who could be a millionaire or someone on \$300,000? How fair is that?

If this is such a good policy, as Labor is claiming, why is it that Labor backbenchers are building dossiers to bring to Canberra to put before caucus to tell what a devastating effect this policy is going to have on their constituents, particularly in regional communities? A farmer sells their farm. After 20, 30 or 40 years on the farm, they've got \$300,000 or \$400,000. They put it into Australian shares. Three hundred thousand dollars at seven per cent is going to earn them about \$20,000 a year. If they get tax credits on all of those, that's probably another \$5,000 or \$6,000. That's how much you're reducing their income. It's not hard to work this stuff out if you really think about it.

What is it that the Labor Party have got about people who have worked hard, have bought some shares, probably cumulatively over a long period of time, and are now fully dependent on the income from those shares for their daily living expenses? The Labor Party want to rip out, in some cases, 20-odd per cent of their income directly—just take it away. And then they'll go out and brag that they can give that away as a tax cut to the rest of the community. How fair is that?

Where is the Labor Party's so-called fairness nerve when it comes to this measure? Most of the impact is on people on low incomes, not the high-flyers that the Leader of the Opposition likes to portray it as. Most of the impact of this measure is on people on low incomes. You are taking away their living expenses. That is exactly what's happening. They're ringing our offices just the way that they're ringing Labor backbenchers' offices, because their income is being drastically reduced, and it's going to affect their way of living. (*Time expired*)