

## **Dissenting Report by Labor Senators**

### **Medicare Levy Amendment (NDIS Funding) Bill 2017 and related tax amendment bills**

1.1 Labor Senators reiterate that Labor fully funded the NDIS in Government, as outlined in the 2013–14 budget.

1.2 The Productivity Commission has also stated that the NDIS costs are broadly on track with long term estimates.

1.3 The disability sector has welcomed the commitments of both the Coalition and Labor to continue to fully fund the NDIS. The question is simply how that is best achieved.

1.4 Treasury officials confirmed that the proposed increase to the Medicare levy, when compared to last year's tax cut, would leave someone earning \$85,000 worse off by about \$200 per year.

1.5 Disability groups also questioned the need to set up a special fund for the NDIS, claiming that the NDIS should be considered a core business of government and funded through consolidated revenue.

1.6 Labor has an alternative plan to the proposal in this bill, which would increase the Medicare levy for individuals earning more than \$87,000 a year and keep the Deficit Levy on those income earners earning more than \$180,000. This plan would see the Budget bottom line better off over the medium-term by \$4 billion.

1.7 Associate Professor Ben Phillips also gave evidence that shows that twice as many households would be worse off under the Turnbull Government's plan as opposed to Labor's plan. In addition, Mr Phillips indicated that the Turnbull Government's plan might have an adverse impact on workforce participation rates for those on low and middle incomes relative to Labor's plan.

1.8 The Australian Council of Social Services (ACOSS) also stated that their view is that those with an ability to pay should be making contributions and agreed that Labor's proposal was more progressive than that offered by the Government. ACOSS went even further and welcomed Labor's policies that deal with income minimisation, such as negative gearing, capital gains tax, trusts, superannuation and multinational tax avoidance.

1.9 Labor Senators also note recent work by the Parliamentary Budget Office (PBO) that shows that middle income Australians will be worse off under Government policy due to their commitment to increase the Medicare levy on lower and middle income earners.

1.10 The work released by the PBO vindicates Labor's position and shows that middle income Australians are set to fall further behind under this government. At a time when wages are growing at record lows and households are facing a cost of living crunch due to record levels of debt and rising energy costs, now is not the time to be hitting middle Australia with increases in personal income tax rates.

## **Nation-building Funds Repeal (National Disability Insurance Scheme Funding) Bill 2017**

1.11 There was widespread criticism from both the education sector and the disability sector about the proposal to abolish the Education Investment Fund (EIF).

1.12 The Education Investment Fund has existed in various forms since 2006 through both Coalition and Labor Governments. As stated by Universities Australia, the fund has been in limbo since it was first earmarked for abolition in the 2014 Budget—but the Government was unable to abolish it in the last Parliament to establish its Asset Recycling Fund.<sup>1</sup>

1.13 The Group of Eight Universities pointed out that the initiatives such as the Australian Space Agency and the Medical Research Future fund will rely on advanced capabilities that the EIF has previously delivered. The Group of Eight also agreed that if the research sector isn't properly funded, the Turnbull Government would not be able to deliver on its own innovation agenda.

1.14 Universities Australia made it clear that regional universities will be disproportionately affected by the abolishment of the EIF given the financial pressures they face. Universities Australia also said that the EIF was crucial to the bringing together of the TAFE sector and the university in Central Queensland as well as helping to turn around Geelong's regional economy through the Carbon Nexus project hub at Deakin University.

1.15 The Australian Academy of Science also called out the inconsistency of the Turnbull Government when it has developed a National Innovation and Science Agenda that needs funding and at the same time proposes to abolish a fund that is critical to meeting the objectives of the agenda.

1.16 The Disabled Peoples' Organisation Australia also stated their opposition to the abolishment of the EIF. They stated that there shouldn't be a trade-off between people with disability and critical infrastructure. The Young People in Nursing Homes National Alliance raised concerns that the NDIS savings funds long term viability is undermined when another long term fund like the EIF, which has existed through both Labor and Coalition Governments, is abolished in order to establish the new fund.

1.17 Given that the National Research Infrastructure Roadmap was provided to Government in February 2017 and outlined infrastructure needs, it seems strange that the Government would move to abolish a crucial fund only a few months later, with no clear plans in place to support the infrastructure funding outlined in the roadmap.

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1 Universities Australia, *Cutting university infrastructure—not so clever*, <https://www.universitiesaustralia.edu.au/Media-and-Events/media-releases/Cutting-university-infrastructure---not-so-clever#.WeAvmdWCxaQ> (accessed 16 October 2017).

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## **Conclusion**

1.18 There are more sensible, fairer ways of repairing the budget. Now is not the time to be raising taxes on middle income earners at a time when wage growth is at record lows. Nor does it make sense to abolish funds that are crucial to delivering long term support to our research sector.

### **Recommendation 1**

**1.19 To amend the Medicare Levy Amendment (NDIS Funding) Bill 2017 and related tax amendment bills such that:**

- (a) The Medicare Levy is increased by 0.5 percentage points only for incomes above \$87,000; and**
- (b) There is a legislative framework for reinstating the Budget Repair Levy.**

**If any of these amendments fail, Labor Senators will vote against the Medicare Levy Amendment (NDIS Funding) Bill 2017 and related tax amendment bills.**

### **Recommendation 2**

**1.20 To oppose the Nation-building Funds Repeal (National Disability Insurance Scheme Funding) Bill 2017.**

**Senator Jenny McAllister  
Acting Deputy Chair**

