

PETER COSTELLO

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Labor giveth and taxeth away

It makes you weep. The introduction of the carbon tax cost jobs. Its very purpose was to close down heavy smokestack industry. So reversing it should save jobs. That's pretty obvious.

That's the reason for doing it. Yet when our government announced it was cutting the carbon tax, it put hundreds of people out of work.

It takes a special kind of incompetence to destroy jobs when you are removing a job-destroying tax. These are the people who govern us.

The government thought it would make up lost money by increasing tax on employee-provided vehicles. This killed the car-leasing business stone dead and made hundreds of people who work in that industry redundant. They are out of work now, but the cut in carbon tax is not due to take place for a year.

It may never pass the parliament. They are collateral damage to a government which is desperate to bury the disasters of its own making.

Why focus on cars? Well, the suggestion is employee benefits in this area were getting out of control. So it is worth asking how and when the current rules were introduced. They were announced in the 2011 budget by (Labor) treasurer Wayne Swan. He thought they were a great tax reform. He said he got the recommendation from the report on "Australia's future tax system", the 1000-page treasury head Ken Henry.

Of the 138 recommendations of the Henry Report, this could have been the only one that was implemented in full. And now, after two years, it is being abolished. It makes you wonder what that whole exercise was about. If I were Ken Henry, I would now renounce naming



rights on that report and market it as a doorstep just like David Gonski has relinquished naming rights on whatever it is that this government finally does on education funding. It is embarrassing to be associated with policy outcomes like this.

So the government reckons Henry recommended a tax rort does it? And that hero of the class struggle Wayne Swan — the man inspired by Bruce Springsteen and songs about the working class man — legislated a tax rort that has to be closed down two years after he announced it?

Say it ain't so Wayne. Say it ain't so, as the Deputy Prime Minister Anthony Albanese alleged last week, that these tax rules are supporting BMWs. Tell the public that only 5 per cent of the cars affected are luxury cars and that 70 per cent of the people that drive them

earn less than \$100,000. Tell the public the occupations that mostly use them are charity workers, police, teachers and public servants. Tell them that Albanese doesn't know what he is talking about any more

journalists went along with this high farce. The same people who hailed the introduction of these rules as a great tax reform hailed their abolition as a great tax reform. And pretended this would boost the budget bottom

**Say it ain't so Wayne.
Say it ain't so . . .**

than Rudd and his treasurer had a clue what they were talking about when they announced this in the first place. Don't let Treasurer Bowen rub out the only "tax reform" you ever implemented.

As per usual, "economic"

line in a way that will never happen in the real world, as opposed to the political world.

I am not suggesting here — not for a moment — Rudd and Bowen meant to rub out the hundreds who lost their jobs last week. Nothing could have been further from their minds.

They simply didn't know what they were doing.

Does that fill you with confidence? Does that make things better? The problem is that none of them — Rudd, Albanese or Bowen — have ever worked in a private-sector business let alone managed a business. They don't know how fringe benefits tax works.

They know very little about the tax system. And when you put them in charge of it you get these kinds of disastrous results. When people know so little they should consult a hell of a lot more. But in this case they consulted no one. This decision is all theirs.

There is one happy sector of the workforce that will not be affected by these new rules. It will not apply to MPs. It won't apply to Rudd or Albanese or Bowen. They do not have to worry about the statutory

formula on the cars they are given, or the charge cards to pay for their petrol, or the insurance that covers their panel-beating. It's a pity they are under different rules.

Because if they had been affected — if they had been told that as a result of these changes they would no longer have their vehicles — they might have taken an interest in how the system works and realised how stupid this proposal is.

Until Rudd, Albanese and Bowen start living under the rules they are applying to everyone else they are not going to understand them and are not going to understand how their ill-conceived announcements affect real people in real live businesses. And that means we will keep getting such stupid rules. Which is a danger for all of us.