



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Federation Chamber

CONSTITUENCY STATEMENTS

Swan Electorate: Fringe Benefits Tax

SPEECH

Monday, 24 February 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Irons, Steve, MP

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Mr IRONS (Swan) (10:55): The policies of the previous government caused plenty of problems for industry across Australia. But one of the worst cases of the damage happened in its dying days with Kevin Rudd's announcement of the proposed changes to the fringe benefits tax. This policy caused particular and irreversible damage to businesses in my electorate of Swan. Victoria Park, in my electorate of Swan, is a well-known major hub for the local vehicle trade. Many West Australians will be familiar with the famous John Hughes motor vehicle dealerships starting just over the Causeway in Victoria Park and extending down the Albany Highway into Bentley. The hub contains many more small businesses in the car industry including dealerships, mechanics and fleet management companies.

It is the latter that suffered almost immediately after Kevin Rudd announced the \$1.8 billion change to the FBT on 16 July 2013 to make it harder for people to have a company or salary sacrificed vehicle. These changes, while only proposed, had an immediate negative impact on the industry as sales volumes crashed through to cancellations and the drying up of new orders.

The coalition immediately announced it would not proceed with the measure if elected but Labor's change had already done the damage as sales dried up for the car lease industry. On 23 July I held a meeting in Victoria Park with three of the four major car leasing companies in the area. One of these companies, Easifleet, was in a desperate position with a collapse in sales income. I met with the 25 staff of the business and could only reassure them that the coalition would not proceed with Mr Rudd's changes if elected. Easifleet was holding out, taking the losses in the hope of an early election to resolve the issue, but, sadly, on 29 July Easifleet started to offer redundancies. In an article in the *Southern Gazette* on 6 August 2013 entitled 'Redundancy offers follow FBT change', journalist Susanne Reilly reported that:

EASIFLEET general manager Scott Iriks says the car-leasing firm's decision to offer redundancies was because all new business had stopped as a "direct result" of the Federal Government's fringe benefit tax announcement.

The report continued:

"We were prepared to have the costs if the Government announced an election, and while we had no sales income we were happy to pay staff," Mr Iriks said.

However, he said, the cost had begun to weigh on the company and they had to offer redundancies.

I noted this in the same article:

Senator Mark Bishop said claims the FBT changes would cause massive damage to industry were "alarmist and irresponsible".

If the senator had bothered to walk across the road to EASIFLEET, which is right across the road from his office, he would have been able to talk to those people and find out how much that damage was causing. The changes, had they proceeded, would have caused damage to the entire sector. The Federal Chamber of Automotive Industries estimated a potential 10 per cent drop in imported car sales. This would have had major impact on the motor vehicle trading hub in my electorate of Swan. Thankfully a coalition government was elected.