Tim Storer’s stand on corporate tax

Tim Storer’s demands for broader reforms to corporate tax rates show the Senate newcomer to be a man not for turning.
By Karen Middleton.

Australia’s newest senator, South Australian independent Tim Storer, was so besieged by advice this week on whether to support the government’s proposed company tax cut that he broke with Parliament House protocol and kept his office door locked.

Visitors had to knock and occasionally even phone from the corridor outside to identify themselves. Sometimes they were let in. Sometimes they weren’t.

Storer was one of two remaining senators refusing to give the government the final votes it needs to legislate a phased reduction to the corporate tax rate, down to 25 per cent.

Parliament rose this week without Prime Minister Malcolm Turnbull getting what he and other ministers had confidently predicted they would.

Tim Storer had already conveyed that he was not willing to support the proposal, well before Senate leader and finance minister Mathias Cormann informed parliament at 5.30pm on Tuesday that the government was deferring a vote.

Storer had met with Turnbull the day before.

Also on Monday, Cormann held his weekly meeting with the two Nick Xenophon Team senators, Stirling Griff and Rex Patrick, who had previously said they weren’t willing to support the tax cut, unhappy with the quality of the government’s modelling.

Cormann did not make the two senators any new offer – they haven’t been willing to negotiate without a redesign of the proposal – but the issue did come up. The NXT senators had not changed their minds.

With Labor and the Greens also opposing the cut, the government has had to turn to the 11 crossbenchers for the nine extra votes it needs.

The other individual senators and the three from One Nation are now in support, so only Storer – formerly with the NXT and now an independent – and Victorian Derryn Hinch of the Justice Party were left.

Hinch has been negotiating a $2 billion package of measures in return for his vote. Still holding out for a final deal, he appears likely to eventually reach an agreement.

On the table is an employment package for older Australians, measures relating to energy supply and an undertaking to end legal aid for Australians on paedophilia charges overseas unless they are on death row.
Several other elements were being finalised as parliament rose.

With Storer, the process has been more complicated.

A senator for just two weeks, Storer was catapulted into parliament after the High Court declared him the rightful replacement for unwitting dual citizen and NXT senator Skye Kakoschke-Moore. In his talks with Mathias Cormann, Storer insisted on focusing on the big picture – broad tax reform – and not on side deals.

When he finally explained his position to the Senate on Wednesday, Storer said his evaluation had been based on “the future prosperity and fairness of all Australians”, South Australians in particular.

As some said privately they believed he was out of his depth and under too much pressure too soon, he reminded those who might think him ill equipped that he had a background in business and economics and had met with a broad range of people and groups.

“I remain to be convinced that, in isolation from a broader discussion and initiatives on enhancing the overall sustainability of our taxation system, I should support this bill in its current form,” Storer said.

Although not a surprise by then, it was another blow to Turnbull, who had staked a lot on lowering the company tax rate.

In the House of Representatives on Monday, Turnbull arranged a question from his own back bench – known as a Dorothy Dixer – about the benefits in cutting company tax.

“Investment creates jobs,” he said. “Investment drives productivity. Investment drives the productivity that delivers higher wages, and that’s why we’re supporting both. Businesses will only increase investment where they have an incentive to do so, and that’s why we need to have a competitive tax rate for all businesses.”

On Tuesday, none of the Dixers were about cutting company tax and the only questions about the government’s plans came from the Opposition.

In between, the tax bill had been deferred. There had also been the unhelpful publication of a leaked Business Council of Australia survey into how its members would use the proceeds of a tax cut.

*The Australian Financial Review*’s report said four in five had responded that – contrary to the government’s messaging – they would not use it for increasing either wages or jobs but would invest it or pass it on to shareholders. The business council insisted it had not published the findings because the sample was incomplete.

With the number of negative Newspolls reaching 29 – just one shy of the benchmark Turnbull set as a reason for ousting his predecessor – the pressure on the PM from inside the Coalition continues, too.

On Tuesday, Tony Abbott launched a book of speeches by Pauline Hanson, the One Nation leader he had opposed so strongly during her earlier political career that she had accused him of being responsible for her stint in jail.

“Between Pauline and myself, there has been a lot of dirty water under the bridge,” Abbott said. “But her willingness to let the past be the past is a sign of decency which is all too rare these days in our public life.”

He told Hanson adversity had made her “a better, deeper person”. There was little subtlety in what came next.
“You are certainly confirmation of that old adage that you are always better the second time around.”

In contrast to his original assessments, Abbott now calls Hanson “a lone voice crying in the wilderness” who had made a “stunningly politically incorrect” first speech in 1996 and had often been “saying the unsayable”.

Abbott endorsed Hanson’s views in favour of cutting immigration, calling attention to “a problem with Islamism”, being more “proud of Australia”, and building more coal-fired power stations and dams.

As she stood nearby, he then delivered a message crafted more for the cameras and for his own colleagues.

“The reality is, the only way the Coalition can win the next election is if we are able to harvest Hanson’s preferences,” Abbott said. “And if I can make that more likely, that is a very positive contribution that I can make to the prospects of the Turnbull government.”

There are those among his colleagues who are extremely worried One Nation will either take their seats or deliver them to others. Abbott was suggesting that if he called the shots, there would be a preferences exchange with Hanson’s party that would help them hold on.

It came as Nationals in particular were growing especially unhappy that in return for her vote on company tax, Pauline Hanson had been promised a funding package for regional apprenticeships – something she could promote to voters as her own achievement, rather than theirs.

Still, few expect a leadership challenge, least of all by Abbott.

Those close to Turnbull insist he is unconcerned about Abbott’s interventions and is as enthusiastic, energetic and upbeat as ever. But he does want the corporate tax cut delivered. If it is, Labor has now promised to overturn it.

“Regardless of what legislation is passed this week, Labor will repeal this corporate tax giveaway of $65 billion to the biggest companies in Australia, the banks and the multinationals,” Opposition Leader Bill Shorten said, announcing a backdown on an element of his own controversial tax policy to stop one aspect of the dividend imputation scheme – the element that allows franking credits to be paid in cash to otherwise-non-tax-paying Australian investors.

Realising soon after its release two weeks ago that the policy posed a political risk if it could be portrayed as hitting low-income investors, Shorten has now promised to exempt full and part pensioners, but only those already investing.

The government believes the policy remains vulnerable to attack and sets up what it sees as a stark choice for voters at the next election between the Coalition favouring less tax and Labor favouring – relatively speaking – more.

Despite arguing against the company tax cut, Labor did not actually want the government to abandon it.

It feared the Coalition would then offer personal income tax cuts instead, a move likely to be much more popular with voters.

In parliament on Wednesday, Shorten demanded Turnbull guarantee that if he couldn’t legislate it beforehand, he would take his corporate-cut promise to the next election.

Turnbull said he would.
That was the assurance Labor wanted. Without finding a large pot of money buried under a rock somewhere, Turnbull could not then afford to offer a personal tax cut instead.

Labor is genuinely happy that Tim Storer is holding out and demanding broader reform.

Some of those who have beaten a path to Storer’s door urge him to get what he can for South Australia, as a senator whose late arrival and low personal vote last time suggests he is unlikely to be returned. Others are pressing him to hold to broader principles about what a government’s priorities should be.

Thus far, he is not for turning.

Turnbull and his ministers are now rebadging their budget tax measures to resemble broader reform. They will keep knocking.

This article was first published in the print edition of The Saturday Paper on Mar 31, 2018 as "Pop-up Storer".