

COMMENTARY

A SUPER-SIZED MISS ON TAX

It shows a lack of leadership on genuine reforms



JOHN DURIE

The small-target revenue-raising tactics of Jim Chalmers beggar belief and show a fundamental lack of leadership by the Albanese government when it comes to tax reform.

Talk around the big of town this week was not centred on the arguably rational closing of tax breaks on superannuation accounts over \$3m, but just why he would choose one measure when the entire tax system is screaming for fundamental reform.

It's yet more Canberra laziness. In 2010, then treasurer Peter Costello commissioned the Ken Henry review into the tax system, not long after handing the rich \$2.5bn in tax concessions on super. Costello left the Henry review in his top drawer as treasurers have ever done since, but a cursory look today would reveal only tweaks are needed to make the recommended reforms.

How much better would the Treasurer look today if he unveiled widespread changes to the superannuation tax system along Henry lines rather than one-off hits on the wealthy?

The super system was not meant as a tax dodge, so why not unveil comprehensive changes to restore its stated purpose?

A review of the franking system, which has rewarded low tax-paying funds with payments to compensate for dividend franking credits, and a review of capital gains tax concessions, negative gearing, and on goes the list.

NSW and the ACT are the only ones looking at abolishing stamp duty on land and replacing it with a land tax, which needs Canberra backing.

Why not move to road user charges on a per kilometre basis to replace fuel excise, registration charges and myriad other fees, which would actually produce a level playing field as the electric car makes its inevitable entrance?

Some form of resources tax would offset the lunacy of the Gladstone LNG terminal exports as part of a rational energy policy, and on the list goes.

A simplified two-tier income



tax system was one of the changes.

Not every measure has to be supported, but Chalmers always talks about national debates, so let's have one on tax before taking one-off pot shots at rich people's super perks, inviting media questions about the next victim and easy Luddite opposition attacks.

That is real reform, and while we're at it, there is the Productivity Commission's five-year review that has been on the Treasurer's desk since February 7.

Depending on nature

Taskforce on Nature-related Financial Disclosure (TNFD) chief Tony Goldner did the rounds this week spreading the good word on more disclosure on nature dependence and hence risk.

The fact is more than half the world's economic output is moderately or highly dependent on nature, so if it is destroyed that by definition is a major risk to the global economy.

This is the next debate spreading from a narrow focus on carbon and the atmosphere to freshwater, the ocean and land.

In September TNFD will release its voluntary disclosure guidelines, but with more than 1000 members, including 80 in Australia, and \$US20.6 trillion (\$30.5 trillion) in member assets, momentum is building fast.

The aim is to get more companies to put nature-related risks on their balance sheets.

This may be seen as more compliance issues, but Goldner would prefer it to be seen as a major opportunity for the clever financial brains at Macquarie and elsewhere who pioneered infrastructure financing to focus on nature dependence.

Goldner rightly says there is too much focus on the credit markets, albeit with some questioning carbon market integrity, but argues let's look at a wider picture.

Sadly, Environment Minister

Tanya Plibersek's Nature Repair bill fails at first instance, focusing on narrow certificate issuance rather than an open door to let the private sector develop a market from a broad government framework.

Green Collar's nature-plus product is one such attempt that will shortly move to credit issuance.

The TNFD is in part funded by Alasdair MacLeod's Maccloch Foundation, which in its "future of farming" project is studying whether more natural capital means better business performance, which means a double dividend for farmers and bankers.

Inevitably, the complications flow on issues like just how to collect data along the supply chain, and who collects it and uses it best.

The bottom line is farmers will increasingly see the benefits because more than most they understand their dependence on nature. The message is hitting home in

TNFD chief Tony Goldner

boardrooms, which are realising this risk is a near and present danger for them.

It is also a major business opportunity to manage its risks through better measurement and to maximise the opportunity.

The trick is to get more capital involved by widening the focus from simply biodiversity certificates and credits. The good news for farmers and corporates is by acting in their own best interests for a sustainable future, they are creating a public good.

In the swim

Leisure management in pools and gyms was one of the worst hit by Covid, being the first to shut down and the last to reopen, but BlueFit's Todd McHardy now has 30,000 a week in swim lessons and, with some help from UK students, a complement of about 2000 mainly part-time staff.

BlueFit is a classic case of the benefits of growth funds, like 40

per cent owner Armitage, having increased by a factor of seven times over the last five years with 40 centres around the country and about \$85m in annual revenues.

McHardy learned the game at his mum's business in Melbourne and, with partner Otua, runs the business, which started in 2007.

Most are pools, but the realm includes golf courses, gyms and basketball centres.

He is still smaller than Geoff Lord's Belgravia, but the focus is as much on quality than growth for the sake of it.

Former Bunnings boss John Gillam, through Armitage, is the chair of the company and has instilled discipline, such as a strict focus on data collection, so each week returns are clear and operating metrics are well known to guide future decisions.

Expansion is in part through council leases and other contracts, with BlueFit taking over pool and gym management.

McHardy thinks the government focus on swim safety should be more on user-friendly smaller pools than the Olympic pools so favoured by local governments.

Cyber threats

The welcome focus on cyber security risk should focus more on how best to prepare and then respond, rather than threats for government intervention.

Yet more Australia Post cut-backs heighten the risk, given 71 per cent fear cyber theft and question whether the percentage of people trusting the senders of letters (33 per cent) will increase.

Optus is preparing for receipt of the Deloitte report on its snafu last year around the time of its May 25 profit report.

Just how much is actually publicly released is a different matter. Given it is a blueprint for what happened, it may not make sense to open the door for further action.

Bunnings' pet play

Bunnings used to play in "home improvement and outdoor living". Now its "home and lifestyle", which allows boss Mike Schneider to expand into pet food and equipment, but the issue is how big a distraction it becomes.

Sixty-one per cent of homes have pets, so the market is clear and Schneider plans to make space in stores by moving bulkier goods such as play gyms online.

It's a busy space led by TPG's Greencross/Petham, Woolworths wanting to buy Petstock and online giants like Amazon.

The problem with expanded focus is the risk of losing core customers who don't want to fight past cans of Pal to get to the nails, but analysts back the agenda.

Human rights on F1 grid as lights go out in Bahrain



JOHN CONNOLLY

The green light's on and the bunny's away in the 2023 F1 World Championship here at the Bahrain Grand Prix in the heart of the Sakhir desert and Mad Max Verstappen is best away in his Red Bull, Chucky Leclerc's Ferrari is not too far away and Lou Hamilton (Sir Lou to you) is up there with the leaders.

While Chuck's Feezer looks faster on the straight, I'll bet London to a brick that Maxie's car is quicker on the twisty bits. Both Mercedes and Ferrari have been porpoising again, leading to George Russell talking to Bill and Bert on the big white telephone on turn one with more force than Regan's projectile vomit at Father Karras in *The Exorcist*.

Of course, the big test is not who wins on Sunday or whether Lando Norris will say he's sorry for taking \$140m to drive a dud car at McLaren for four years, or whether Red Bull will really close down AlphaTauri, but whether the Hamster will speak out about human rights abuses in the Kingdom.

The European Centre for Democracy and Human Rights has asked Lou and the other drivers to front up.

Hamo passed the letter onto me saying: "Johnny, with a global audience of 20 readers including your younger reader adviser, JP, and the old bloke who was recently given a royal warrant of appointment by King Chuck (no relation to Chuck Leclerc) as official supplier of nude portraits of the royal family (except three) I want you to give this plea from this mob huge publicity."

What can I say? Basically, the good folk, men, women and

others at the ECDHR are pretty cranky that award-winning human rights defender Abdulhadi al-Khawaja has been in a Bahrain slammer for 12 years where things aren't as good as, say, the Sofitel over the road from the track that boasts the only Thalassa Sea and Spa in the hood. "Since his arrest", the ECDHR writes, "Mr Al-Khawaja has been subject to various forms of abuse, including torture, beatings, verbal abuse, threats of sexual assault and long periods of solitary confinement."

The letter suggests the Bahrainis have been using sportswashing to cover up their poor human rights record and maintain its international prestige, and raises grave concerns over the fact that they will exploit the approaching grand prix in the same manner.

And the good folks at the ECDHR aren't too fond of the FIA, either.

"Reality is, FIA's principle of neutrality itself is nothing but neutral. The organisation of international events like the grand prix in countries with menacing human rights records is by itself an indirect avenue for those very countries to hide their atrocities."

The other big question is whether we should read anything into the fact that most of the F1 cars this season are black? Of course, the Ferraris are red but the best-looking cars in the desert now are the black Mercs with a touch of fluoro.

Talking of big events, nothing is bigger than this weekend's

NSW production series, which of course is being held at Winton in Victoria (thank you readers like Jeff Parker who have sent in helpful hints for me like "turn seven at Winton can be a good passing spot", but Jeff it's hard to pass from seven lengths back in the field), but the inaugural Noosa Concours will be held at South Yarra by the sea from the July 14-16. Special guest will be Sandra Button, chairman of the Pebble Beach Concours d'Elegance since 2002. Sandy was its executive director for about a thousand years and she and husband Martin have a serious collection of metal ranging from a 1904 Oldsmobile to a 1972 Ferrari 365 GTC/4. Martin is the boss of Costed International Transportation, which ships classic cars from 18 countries to Pebble Beach for its Concours.

Noosa has a mystical charm about it for people from the south (well, not as far south as Tassie but as far south as Melbourne), which is why the town has morphed from a beautiful uncrowded Queensland surfing spot to a bustling, upscale Melbourne suburb with more apartments and frock shops than Nico Hulkenberg had losses last year. As the sun begins to set, don't miss the tradies' champagne, caviar, and canapes night in Locale Noosa's beer garden.

And talking of hillclimbs, John Bowe will be driving one of the three 1965 Shelby Cobra Slalom Snakes ever built at the inaugural Rob Roy Revival hill climb festival at Smith's Gully on March 18 and 19. Organisers are asking spectators to dress in the period style of 1950s and '60s motorsport.

Good to see the Chesty Bond singlet making a comeback in



The 1987 Kremer Porsche 962C

Victoria. As Dr Lorinda Cramer explains: "Donned first as underwear, then for sport and later as the uniform of Australia's working man, woman and other, this simple garment has accrued complex cultural meanings over time. How you wear your singlet is a marker of class. White-collar workers wear singlets as often as their blue-collar counterparts, though theirs often remain, under business shirts and suits."

Hamo's stylist, Law Roach, tells me that, under a special sponsorship deal with Chesty himself, the Hamster will be wearing the blue people beater singlet whenever he speaks up on major global issues.

Talking of style, you still have time to bid on the 1987 Kremer Porsche 962C at Dave Gooding's Amelia Island auction on Saturday. The Porsche 962 and 956 are among the most important models in the history of endurance racing. Their success is unrivalled. Between 1982 and 1987, the Porsche 956 and 962 won Le Mans six times, finishing 1-2-3 every year except 1987, when they were a mere 1-2. For the 1987 24 Hours of Le Mans, this privately owned 962C came fourth overall. In 1988, eighth overall. A good buy under \$1.4m. Being Florida, Dave has 15 Feezers up for sale. Easy choice for South Yarra residents is the 1962 Ferrari 250 GT SWB California Spider at close to \$30m, or the cost of a soy latte at Locale Noosa.

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Reasonable-hours dispute a test case for our work culture



HELEN TRINCA

The news started filtering through late in 2020. Something was happening at the coalface that went far beyond lockdowns and Zoom meetings. Slowly but surely, the recruiters and HR operatives told us, there was a new mood afoot in the workplace, a workplace that was harder to define physically was nonetheless changing before our eyes.

People had been concerned about their careers as Covid-19 disrupted jobs and the world wondered about the economic fallout. Yet for many, the old ways of work had been tested and found wanting by the experience of working from home.

Knowledge workers, in particular, had lived through a real-

time experiment in doing work differently and many would never be the same again.

Not everyone was delighted about working from the kitchen table, but many found a new balance—one that had seemed an impossible dream for decades—between paid work and time at home. Down with the commute, out with the rush to pick up the kids from school or childcare, and forget the long hours tied to a desk in the CBD.

That first year of the pandemic brought anxieties about employment but within months, thanks to closed borders and an exodus of international students and migrant workers, the talk by Christmas was of job shortages and higher wages, of employers desperate to find skilled employees and forced by a more demanding workforce to think outside the box about how to arrange work.

Flexibility moved from the edges of HR to centre stage.

The rest is history, as they say. The Great Resignation, the hybrid workplace, the extra parental

leave, even the quiet quitting are all elements of a wider shift in attitudes to paid employment, one that questions not so much how long we work but when and where and how we work.

This week's news that the "reasonable hours" case taken against teal MP Monique Ryan and the Commonwealth will go to court after the failure of mediation offers a dramatic backdrop for a society that may just be ready to rethink the work culture that has dominated the West for decades.

The Federal Court—not popular opinion—will decide whether Ryan's chief of staff, Sally Rugg, is right to argue she was expected to work "unreasonable" hours in those first few heady months of politics in Canberra after the last election. But popular opinion will be shaped, at least to some extent, by the case.

In some ways, this can be seen as just another stoush between worker and boss over working arrangements. But it was never going to be that, given Ryan's profile as an independent "teal" MP,

the "take no prisoners" work culture of parliament house, and the fact that two strong, successful women are going head to head. Throw in the fact the Federal Court is in unexplored territory with virtually no case law on "reasonable hours" to guide it, and you have a fascinating moment in Australian industrial relations.

Rugg's lawyer, Josh Bornstein of Melbourne's Maurice Blackburn Lawyers, argues this is a test case on hours with implications across the workforce and the potential for large payouts, depending on what the court decides.

Perhaps, but the Fair Work Act doesn't attempt a definition of "reasonable" and instead offers a list of criteria against which the particular facts of each case can be assessed. Even if the court finds in Rugg's favour, the decision will not automatically flow to a case in a different sector.

Consider for a moment the different circumstances of the Rugg case and the only other determination made under the Act—that of a meat worker who last year

won his case on reasonable hours against a meat processing firm. Rugg's world is a world away from his workplace and notions of "reasonable" in these jobs—one physical, the other knowledge-based—are arguably quite different. But the Rugg/Ryan case is certainly a test case of our work culture and the long hours that have been taken for granted in recent decades.

One example. If as shareholders we think it's OK to pay the CEO several million dollars a year, would we be happy to see him or her playing tennis at 5.30pm on a summer's evening? Would we feel we had our money's worth if our highly paid executives downed tools on a Friday night and punched back in on Monday morning? How about our politicians and their staff, paid out of the public purse?

Truth is, there's long been an assumption that the big bucks or even the big jobs, the ones that offer prestige as well as prosperity, must necessarily involve longer hours. Think about how we ask

our young people who enter professional service firms or law firms after graduation to put in a lot of extra unpaid time on the job.

A 12 or 14-hour day may be regarded as unreasonable by many people but many others have long seen it as the price to be paid for success and big pay packets.

It's interesting too that this case has been taken by a woman, a fact that adds to the evidence that the higher participation of women in the workforce has already shifted attitudes around hours and flexibility, in part because of their role in childcare and rearing.

For almost three decades women have struggled to shape their work hours around the family demands placed upon them. For generations men could stay late in the office, secure in the knowledge that the home front was being looked after. No longer. And at least part of the reassessment of work and its demands flows from the increased power of women and those changing dynamics around parenting and family.

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