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Transcript
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Ashleigh Gillon interviews Dr Craig Emerson and Senator George Brandis

E&OE

Subjects: Tax reforms, opinion polls.

GILLON: Joining me now on our panel of politicians here in the Canberra studio the Small Business Minister Craig Emerson. Good morning to you.

EMERSON: Hello. Hi Ashleigh.

GILLON: And also joining us from Brisbane is the shadow attorney-general, and the newly elected deputy Liberal leader in the senate, George Brandis. Good morning.

BRANDIS: Morning Ashleigh. Morning Craig.

EMERSON: Morning George. And congratulations on your elevation to the deputy leadership in the senate, it's terrific.

BRANDIS: Well thank you very much Craig.

GILLON: George we are going to start with you. Of course we've just heard more than half an hour of Kevin Rudd there defending his government's plans for tax reforms. Did he manage to convince you at all that these changes are actually significant reforms that will secure Australia's financial position as Mr Rudd said there?

BRANDIS: Well we heard a lot of blah blah blah as usual from the Prime Minister. I wonder if there are any viewers of Sky News still awake Ashleigh after hearing that extremely turgid speech. Look, being a little more serious, we will look very carefully at the government's proposal. We have a shadow cabinet meeting tomorrow in which the government's response to the Henry tax review will be the principal item of discussion.

But we do have a concern about the effect on small business of this impost, the proposed increase from 9 to 12 per cent. I notice the Australian Chamber of Commerce and Industry described it yesterday as a 'big hit on the productive capacity of the economy'. And I want to make this point too if I may Ashleigh, that the Prime Minister has implied that there is a trade off here, that there's going to be this huge tax on mining companies. And the implication is that that's going to fund, or part fund the increased superannuation. That's not true. Not so. Nothing from the proposed increase in tax on mining companies goes into the increase in superannuation contribution. None of it is to come from additional revenue that the government is taking from the mining sector. All of it is to come from businesses and particularly small businesses who face, on our estimate an additional \$10 billion a year to fund this proposal.

GILLON: Well the Small Business Minister of course is the perfect person to answer those concerns. Craig, doesn't this decision to lift super contributions bring with it quite a heavy cost to small business?

EMERSON: No it doesn't bring a heavy cost at all. It's a three percentage point increase in the wage bill of small businesses over 10 years. It starts in three years time and it's phased in over seven; a 0.3 percentage point annual increase in a wage bill for employing small businesses. Now, there's about 750,000 employing small businesses and a much larger number of non-employing small businesses. To say that that is a devastating blow to small business profitability and prosperity is inaccurate.

GILLON: Well the Chamber of Commerce of course is saying that this actually represents a 33 per cent increase on the superannuation cost to employers over that time period. And there are questions as to whether or not workers should be prepared to forego wage increase as a result.

EMERSON: Well the Chamber of Commerce and Industry is entitled to its view. So is the Council of Small Business of Australia which has supported the package, including making the sorts of points I've just made. That this is to be phased in over seven years, after a three year break before it actually is introduced. What we're

hearing from the coalition is yet again opposition to spreading superannuation benefits to the working people of Australia.

The coalition, when it was in opposition, when Hawke and Keating were introducing this, launched a jihad against spreading superannuation to working Australians. They voted against it in the Senate. Paul Keating in his budget had provided for this increase from 9 per cent to 12 per cent. John Howard, the then opposition leader said they'd honour that. As soon as they got into government they did what a coalition will always do and scrap those increases. Now, I hope George will take a positive view to this to the shadow cabinet and for the first time for the coalition, actually support increased benefits for working Australians via superannuation.

GILLON: George Brandis, we know that of course the opposition is against the new resources tax. We've heard a lot of criticism coming from the resources sector over that tax in the last 48 hours. Has shadow cabinet come up with any decision as to what way it will go in terms of whether you will support those super changes or not?

BRANDIS: Well Ashleigh, as I said before, we have a meeting tomorrow and we will discuss that matter tomorrow. But the Liberal Party, as always, approaches these issues with a strong disposition against increasing taxes on Australian businesses, Australian households and Australian industries. And as for this absurd idea of a so-called 'super tax' on the mining industry, the tax that's designed to kill the goose that laid the golden egg. It is the most absurd proposal to come from an Australian government in the revenue area for a very long time.

GILLON: We did hear the Prime Minister's rebuttal to those sorts of arguments in that speech so we won't go over that again this morning. There is another big poll out today, the Newspoll today showing that Labor is dropping behind the Coalition on a two-party preferred basis. Labor has obviously had a rotten couple of weeks Craig, backflipping on the ETS, ending the insulation scheme, announcing it won't build as many childcare centres as promised. The list seems to go on. Do you blame the backflip on the ETS for the horrible polls you've seen today?

EMERSON: Increasing tobacco taxes is another hard decision the government made. And among smokers that won't be popular. But it's not my role, Ashleigh, to do the commentary on what's happening with opinion polls. Suffice to say that if two or three of every hundred Australians change their vote at the coming election then Tony Abbott is the Prime Minister of Australia. There goes health reform, back comes Workchoices, there goes the small business tax breaks that are actually being funded by

the resources tax that the shadow attorney-general has just described as absurd. So small businesses will get to decide whether they think that the tax breaks that are available to them in this package are good for them or not. I can assure them they are. But if Tony Abbott becomes the Prime Minister, we've just heard George Brandis describe the resources tax as absurd. That means they will vote against it. That's what the decision will be out of that party room and there goes the small business tax breaks.

GILLON: But a majority of small businesses actually don't qualify for that cut to the corporate tax.

EMERSON: They do qualify...

GILLON: Well I thought two million businesses will miss out?

EMERSON: 720,000 small businesses are companies. They will get not only the company tax rate reduction from 30 to 28 cents in the dollar, they'll get a head start on that. All small businesses, that is companies, partnerships, sole traders will get this investment incentive: that is the capacity to write off the value of any asset up to \$5000 in the year in which they buy it.

GILLON: But still, two million small businesses do miss out on that company tax cut.

EMERSON: No it's not two million. But in any event everyone...

GILLON: How many is it that miss out then? If it's not two million?

EMERSON: There's 2.4 million small businesses, and there's about 750,000 employing small businesses and 720,000 small business companies. So do the arithmetic there. We've never said that every small business is a company. The documentation shows, that's where the 720,000 figure comes from - our documentation. But every small business gets this investment incentive - every small business in this country, and would be denied it if Tony Abbott became Prime Minister. If two to three people in a hundred change their vote.

GILLON: Okay, I do want to go back to George Brandis and get his reaction to the Newspoll. George, today we saw that Mr Rudd is actually still preferred Prime Minister, and when you look at Labor's collapse in the primary vote well, it seems like a majority of those voters disappearing away from Labor are actually switching their vote to the Independents or the Greens. It's not going towards Tony Abbott. Does that raise any sort of concern with you, or do you find these results today very encouraging?

BRANDIS: As always Ashleigh, when you or your colleagues ask me about opinion polls I really have the same answer. Opinion polls move around from time to time. You can't extrapolate too much from an individual opinion poll. Having said that I think that one thing that is very striking in this opinion poll is the sharp collapse in the public's respect for Prime Minister Rudd. His favourability has gone from around about plus ten to minus eleven. A 20 per cent change in a fortnight in the public's respect for the Prime Minister I think is quite a striking development. I don't think you can pretend that hasn't happened. And it's because as we in the Liberal Party have been saying all along, sooner or later the public were bound to wake up to this bloke. They were bound to wake up to the fact that he has no values, he has no core beliefs, he has no philosophy, he has no policy courage, he is a shallow opportunist. And I think the monumental back flip on the ETS, which only last year was supposed to be the greatest moral challenge of our time, just demonstrated Kevin Rudd for the callow, shallow opportunist he is.

GILLON: George Brandis on that note we do have to leave it there, we've run out of time. Thank you for your time. And Craig Emerson, thanks for joining us.

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