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Transcript
PRESS CONFERENCE
Interviewees: Craig Emerson, Minister for Small Business
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E&OE

Subjects: Small business tax reform and the Resource Super Profits Tax.

EMERSON: If Tony Abbott succeeds in his efforts to block the passage of the resource super profits tax he will deny tax relief to 2.4 million small businesses in Australia. Tony Abbott would deny tax relief to every one of Australia's 2.4 million small businesses.

Revenue from the resource super profits tax is being used to fund the Rudd Government's announced tax relief for small business. If Tony Abbott denies that revenue through his attempts to block this legislation in the Senate, he will have denied a tax cut, tax relief to every one of Australia's 2.4 million small businesses.

The Council of Small Business of Australia has criticised Mr Abbott for seeking to deny tax relief to all of those 2.4 million small businesses in Australia that the Rudd Government believes deserve tax relief. These are small businesses that steered their way with difficulty through the global economic downturn supported by the Rudd Government's small business tax break. We want to now support small business through the recovery phase by giving them tax relief.

Every one of those 2.4 million small businesses deserve tax relief and Tony Abbott wants to deny small businesses that tax

relief. What on earth has Tony Abbott got against Australia's small businesses? I thought the Liberal Party were supposed to be the party that at least says it sticks up for small business. Funny way of sticking up for small business, robbing them of much-needed tax relief.

QUESTION: Why are we even talking about this now if you haven't any intention to introduce the legislation 'til after the next election?

EMERSON: We're talking about it because Tony Abbott made an announcement yesterday that they will use their numbers in the Senate to seek to block the passage of the resource super profits tax. If they were successful in blocking the passage of the resource super profits tax Tony Abbott would deny tax relief...

QUESTION: [Interrupts] But you're not introducing that...

EMERSON: ... to every one of those 2.4 million small businesses.

QUESTION: What's the timetable for introducing the legislation then?

EMERSON: The timetable is set out in the documents and you're fully aware of that timetable. Now Tony Abbott, if he wins the election, he will definitely deny tax relief to 2.4 million small businesses. If he doesn't win the election, he's going to do everything he can to deny tax relief to 2.4 million small businesses - every small business in this country employing 4.5 million working Australians.

What on earth has Tony Abbott got against small business? I thought the Liberal Party was supposed to be sticking up for small business. And the truth is, it's just the Rudd Government, only the Rudd Government, that would deliver tax relief for small business.

QUESTION: So you're comfortable with fighting this issue at the election? Is this a major election issue?

EMERSON: It is a major election issue because what the Rudd Government is saying is that the Australian people deserve a reasonable share of the super profits that are generated out of the mining industry, to be returned to Australia's small businesses through this tax relief for every one of those 2.4 million small businesses.

I've seen Coalition MPs say that the only tax relief for small business would go to those that are companies. This is completely untrue. The instant write-off of assets valued at up to \$5,000 would go to every small business in this country - companies, partnerships, sole traders.

But Tony Abbott wants to deny them that tax relief, that tax break.

QUESTION: What about our super though? We're seeing massive losses in super as a result of the introduction of this or even talk of the introduction of this tax.

EMERSON: I've been through this before. Twenty five years ago, the Hawke Government introduced a petroleum resource rent tax. The industry at the time reacted against that and said that this would stop exploration and development of oil and gas in this country in its tracks.

Let's see what has actually happened. The Gorgon gas project, a massive project, is proceeding under the petroleum resource rent tax, a tax similar to this proposed tax. The Pluto gas project is proceeding under the petroleum resource rent tax. And the life of Bass Strait has been extended by several decades under the petroleum resource rent tax.

Bernie Fraser worked on me - sorry Bernie Fraser worked with me - on the development and implementation of the petroleum resource rent tax. And he has today come out in support of the resource super profits tax because Bernie knows the history of rent taxation in this country. It's been very successful in getting a reasonable share of the profits of gas exploration and development in this country. And so would a resource super profits tax.

QUESTION: I'm not talking about the businesses; I'm talking about the billions of dollars that's been wiped off the share market in the last couple of days. This is affecting our super.

EMERSON: Well these mining share prices go up and go down. This is not the first time that there's been a change in mining share prices. But over a reasonable period of time, you will find that the mining industry is very profitable. The Australian people know that the mining industry is very profitable but the Australian people deserve a reasonable share of the profits.

Now we're happy to sit down with the mining industry - Wayne Swan has already speedily set up the consultation process to go through the detailed discussions about the detail of the regime. But we are determined to implement the resource super profits tax just as 25 years ago the Hawke Government introduced the petroleum resource rent tax.

And do you know what happened then? John Howard in opposition said 'we will oppose it, we're against the petroleum

resource rent tax' and ended up collecting \$16 billion from it and never repealed it.

QUESTION: Craig you say that the resource tax will help small business ...

EMERSON: The proceeds from the resource rent tax, some of the proceeds will be dedicated to tax relief for small business.

QUESTION: But small business has also been asked to increase super contributions by three per cent and that's going to affect small business.

EMERSON: Let's get that in perspective. Let's say you had a small business employee earning \$30 an hour; this increase in the superannuation guarantee would add in the first year, in 2013, seven and a half cents to that \$30 wage will; 15 cents to the \$30 wage bill the second year. So let's get it in perspective. A seven and a half cent addition to a \$30 wage rate, I think we should keep in perspective.

QUESTION: The other thing is, Craig, is any of this resource super tax going to be used to fund any of those super contributions? There appears to be some suggestion that that super tax will be used to fund the compulsory super contributions.

EMERSON: What it will be used in part is to fund the abatement of the 15 per cent contributions tax for low income earners. That's what it would be used, in part, to fund. It would also be used in part to fund tax relief for 2.4 million small businesses that would be denied tax relief under Tony Abbott. Why? Because he doesn't care about small business.

What he actually cares about is himself and the opportunism and the opportunities that he sees are created for him through this. Rather than acting in the national interest, yet again, Tony Abbott is opposing for the sake of opposing and acting in his own base political interests.

QUESTION: But doesn't the increase to the super contribution represent a broken promise to small business?

EMERSON: We're going into the next election. That increase in the superannuation guarantee will be phased in over a total of 10 years, starting in three years time.

QUESTION: But it still represents a broken promise.

EMERSON: Well the Australian people - we didn't introduce an increase in the superannuation guarantee during this term of the Parliament - the Australian people will have an opportunity to vote on

whether they support an increase in the superannuation guarantee from nine per cent to 12 per cent. I suspect the Australian people will think this is a pretty good idea because the Australian people thought it was a good idea to go from zero per cent to nine per cent. Who did that? The previous Labor Government and it was already budgeted under the Keating budget to increase that from nine per cent to 12 per cent.

In opposition John Howard said that he would honour that commitment. As soon as they got into government they scrapped it. That's why it's still at nine per cent and now a Labor Government is saying that if re-elected, over time, gradually, it would build up to 12 per cent in very small increments and at a cost of seven and a half cents on a \$30 an hour wage bill in 2013.

QUESTION: How are you going to get business onside?

EMERSON: We have said to business that we're very happy and keen to sit down with business and work through the detailed implementation of the resource super profits tax. Now I understand why business would be making public statements. I respect the business community; I respect the mining CEOs. I'm saying and Wayne Swan and Kevin Rudd are saying, let's sit down and work through the implementation details as set out in the documentation that responded to the Henry Review.

QUESTION: Some Canadian MPs are saying that this is a blunder on the Federal Government's part and even the Canadian Finance Minister is saying that they stand to gain from this tax.

EMERSON: Yes, I saw those references and again if I could go back to the petroleum resource rent tax, similar claims were made that somehow this would lead to gas and oil exploration going offshore to countries like Canada. That's what was said and what happened instead? The Bass Strait oil fields and gas fields, which were under threat of being closed at that time, have had their lives extended by several decades and the massive Gorgon project, the massive Pluto project have both gone ahead, given private sector approval under a 40 per cent resource tax.

QUESTION: So are these Canadian MPs wrong?

EMERSON: This is the same rate of tax as under the Rudd Government's proposed resource super profits tax, the same rate of tax, 40 per cent. And under that rent tax that's already in place for oil and gas development in offshore Australia, those massive projects have been given the big tick, the go ahead, by the partners in both the Gorgon gas fields and the Pluto gas fields.

QUESTION: Are they wrong then, those Canadian MPs?

EMERSON: Well the Canadian MPs can make whatever statements they want. It's a great big robust democracy in Canada and it's a great big robust democracy in Australia. It doesn't mean that their statements are right, just as claims back 25 years ago that exploration and development of oil and gas in this country would be stopped in its tracks proved to be incorrect.

QUESTION: You say Australians have a choice to make on this issue; when will that vote be taken?

EMERSON: [Laughs] Well, I think that will be some time in the next year or so. I would imagine later in this year. There you go.

QUESTION: When's the legislation going to be introduced for this mining tax?

EMERSON: The legislation will be some time in preparation because we are prepared to sit down with the mining industry of Australia and work through the implementation details of the proposed resource super profits tax, but we are determined to implement this tax on behalf of the people of Australia to give them a reasonable share of the profits from the mining boom.

QUESTION: Is there a rough timetable though?

EMERSON: It's set out. There is actually an implementation consultation program set out in the documentation that responds to Henry.

QUESTION: Thanks very much.

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