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Transcript

ABC Newsradio with Glen Bartholomew, interview with Marius Benson
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E&OE

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BARTHOLOMEW: Good Morning, this is ABC News Radio, it's a Thursday, and it's also the first day of July, the day the final round of income tax cuts the Labor Party promised in the last federal election will be delivered. But the extra money in the pay packet may not stay there for long, with a hike in power charges and water rates also coming into force for most of us. For more, Marius Benson is talking with the Small Business and Service Economy Minister, that's Craig Emerson.

BENSON: Craig Emerson, July the first does bring good news and bad news financially for Australians. You'd like to emphasise the positive.

EMERSON: Well, we do like to emphasise the positives, and tax cuts do start from today. They're modest, for someone on \$50,000 a year it's \$450, but that totals \$1750 over the period of this Government, so it's modest relief, it's affordable relief. We know that people are feeling the pressure of cost of living increases, so anything the Government can do to help ease those cost of living pressures, even if it is a modest contribution, is probably well worth having.

BENSON: People looking at their forthcoming power bills and water rates in NSW, Victoria and beyond are probably thinking it's less than modest.

EMERSON: Well, it's doing what we can, consistent with returning the budget into surplus in three years. Three years earlier than

originally scheduled, having kept the economy out of recession. And certainly that has meant that more than 200,000 people who otherwise would have lost their jobs are in jobs, and that's certainly a positive contribution a government can make.

And that makes us unique in the advanced countries of the world in managing to keep the economy out of recession. Having done so, we want to get that budget back to surplus as quickly as possible. So getting it back to surplus three years earlier is a bit of an effort there, and that's why we can't really afford to make big cuts in taxation or further big increases in expenditure.

BENSON: Ok, if Labor is re-elected, you're holding out the prospect of a cut in company tax, if you are re-elected and you introduce a Mining Super Profits Tax. Is there any prospect at all of personal tax rates going down further?

EMERSON: We haven't scheduled that in the Resource Super Profits Tax calculations, that as you say, is associated with reductions in company tax rates, a very substantial boost in small business tax breaks, and very importantly for working Australians, Marius, and that is the increase in superannuation contributions from 9 to 12 per cent over a period of time, which will be a huge boost.

For example, someone under 30 would get an extra \$108,000 in their superannuation savings, which shows that even modest increases in superannuation, over time, can make a massive difference to retirement incomes.

BENSON: But you've said that those benefits are contingent on getting the Mining Super Profits Tax through, and that looks very uncertain at the moment with the negotiations continuing: No Super Profits Tax – no company tax rate cut, no superannuation boost?

EMERSON: Well, that's just a harsh reality. We're doing all we can. The negotiations are in fact quite encouraging. We are hopeful of landing this Super Profits Tax, and if we do then there is money there for various purposes.

BENSON: Why do you say the negotiations on the Super Profits Tax are encouraging now?

EMERSON: Well, there's certainly a constructive engagement Julia Gillard has brought to this process, a conciliatory approach. You'd be aware that the advertisements have been taken down from both sides, it's a bit of a truce, which is probably a good thing. There's no doubt that the mining industry is talking constructively with the Government. I can't speculate or prophesise about an outcome here, but we think that the

approach that the mining industry is taking is a constructive approach, and usually constructive approaches maximise your chances of getting a good outcome.

BENSON: Is Julia Gillard a better negotiator than Kevin Rudd?

EMERSON: Well, certainly Julia has taken a different approach. I think this conciliatory approach is helping. We were, as a Government, making progress before but it was in the context of a fairly inflammatory – in fact, very inflammatory – environment, and I think the fact that things have calmed down somewhat has given both sides the opportunity to concentrate more on the negotiations, and that's a good thing. So lets hope it all works out; I find it rather encouraging.

BENSON: Craig Emerson, thank you very much.

EMERSON: Thanks very much Marius.

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