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Transcript

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**TRIOLI:** Let's look at the top story on ABC News Breakfast. The Deputy Prime Minister Julia Gillard has backed Kevin Rudd's firm stance on the budget. Speaking on ABC News Breakfast this morning Julia Gillard said the Opposition risks worsening the deficit if it doesn't support the budget measures in Parliament.

**O'BRIEN:** The Federal Government is also facing an uphill battle in the Senate over its alcopops tax. Senator Steve Fielding says he can't justify supporting measures which link alcohol consumption to sport.

**FIELDING:** No one wants to frustrate the government of the day. Now the Government themselves, deliberately using alcopops as a double dissolution trigger because they could bring the bill back in today, have it voted on, and if it's defeated, then it wouldn't actually be a trigger for a double dissolution but they're choosing to actually wait until June to make it a double dissolution trigger and that's just playing politics.

**TRIOLI:** Senator Steve Fielding speaking on our program earlier this morning and for more on the budget fall out the Small Business Minister Craig Emerson joins us now from Canberra.

Craig Emerson good morning.

**EMERSON:** Good morning Virginia.

**TRIOLI:** First of all on that point on the issues that seem to be of concern to Senator Steve Fielding. How seriously do we take threats or indeed that the live possibility of there being some sort of trigger being used in order to go to an election early? Is that in any way a live prospect?

**EMERSON:** Well I don't really have anything to add to what Kevin Rudd said last night other than to point out that the Coalition can't have it both ways.

They're basically saying that we didn't cut spending enough and now there's some suggestions of threats to the government spending cuts so that would be just another example of political opportunism on the part of the Coalition.

We'll see tonight Virginia because we've got Malcolm Turnbull, in his budget reply, has already indicated that he thinks that the budget should be in small deficit or a surplus so that's a \$50 billion gap there. Joe Hockey's saying \$25 billion, same with Steve Ciobo. So there's a huge difference there. And I wait with breathless anticipation for the budget reply tonight to see how the opposition is going to cut spending or increase taxes by up to \$50 billion.

**TRIOLI:** Yes well we'll wait to see what is revealed there but on the pressing issue of you needing to get your budget through and the situation economically that Australia faces right now, is there a time factor here? Is the Government feeling a time pressure over not waiting to delay the passing of this budget to allow for discussion, negotiation, changes?

**EMERSON:** Well the budget is for the financial year which starts on the 1st of July. I mean that's not very far away. So obviously we want to get our budget through, we want to get the spending initiatives through to support jobs in the short term but also the savings through which are very important in terms of returning the budget to surplus over time. And I'm just making the point that the Coalition can't opportunistically have it both ways, saying on the one hand that they want the budget returned to surplus very quickly but then start lining up to oppose particular savings measures. That's what we're concerned about. We want to govern here in the national interest.

**TRIOLI:** Indeed but budgets as you know from long experience are always a negotiation process. There's always some degree of give and take. It's realistic for me to assert isn't it this morning that there'll be some sort of negotiation, some alteration?

**EMERSON:** Well I think we'll be much the wiser tonight and I hope and expect that we'll be much the wiser tonight when Malcolm Turnbull sets out how he's going to find, in Joe Hockey's terms \$25 billion, in Malcolm Turnbull's terms \$50 billion, worth of savings. The point I'm making is that there's a massive contradiction here Virginia with the Coalition saying that we didn't save enough and that they will save up to \$50 billion more or increase taxes by up to \$50 billion and then, any suggestion that they might then want to oppose or modify some of our savings measures just doesn't fit. That's just opportunism, the height of opportunism.

**TRIOLI:** But they're on a winner aren't they when they talk about, and raise alarm, about the size of the deficit that we'll have for the next financial year and the one following? This is significant you must surely yourself even have qualms deep down about the simple raw figures, the numbers, that we're going to have to deal with and then very slowly pay down.

**EMERSON:** The simple raw figure is this: \$210 billion has been wiped off Commonwealth revenues. That's almost \$1 in every \$5 of Commonwealth revenue.

**TRIOLI:** Yeah maybe you shouldn't have spent so much to begin with?

**EMERSON:** Well this is a global recession. And what we're saying is that we need to accept that as a reality, cushion Australian working people from the worst effects of that recession by stimulating the economy in the short term but by charting a course for getting the budget back into surplus over the longer term. That's exactly what the budget does. Exactly what the budget does. And we've got the Coalition saying no there shouldn't be this sort of stimulus. You had Scott Morrison on just before saying, for example, the First Home Owners' Boost should be fully funded by a reduction in the community housing program. So a stimulus from the First Home Owners' Boost, reduce the community housing program for a net stimulus of what? Zero!

I mean these people are crazy in the way that they go on. They say that we should be making more savings but then they start talking about, well they're not quite sure whether they're going to pass the budget. They should pass the budget in the national interest and they should not continue to behave opportunistically as they have been ever since Malcolm Turnbull was the leader.

**TRIOLI:** Craig Emerson just a question pertaining to your particular portfolio and it would seem that neither the Institute of Chartered Accounting nor the Taxation Institute of Australia think that the measures introduced in the budget, supposedly to help small business, are of any use. In fact they say they don't go far enough and they're not enough to convince small businesses to spend. What's your response?

**EMERSON:** Well in aggregate the measures are valued at more than half a billion dollars. That's a big shot in the arm for small business and in relation to the small business tax break we're boosting that tax break from 30 per cent to 50 per cent in the Budget and extending it

**TRIOLI:** Yeah I know but they're saying it's not going to work.

**EMERSON:** Well I can rely on a survey that has been conducted by the Australia Chamber of Commerce and Industry which shows that more than 30 per cent of businesses are going to take advantage of that - and that Virginia was at the 30 per cent rate and when it was to stop on the 30<sup>th</sup> of June. At a 50 per cent rate, stopping on the 31<sup>st</sup> of December this year, obviously small businesses are going to take advantage of that and that's what the survey results actually say.

**TRIOLI:** Thirty per cent isn't a very high figure is it?

**EMERSON:** Well I'm saying that we're boosting ... Well I think it is a high figure. It's three in every ten businesses taking advantage of it, actually

investing in plant and equipment, bringing it forward, providing an economic stimulus. That's very important and it's not the only tax measure Virginia. There's another one which doubles the incentive for small businesses through a tax credit to undertake research and development. That's not only good for small businesses in the short and medium term it's great for the economy because we want to be investing in research and development so that we are an innovative, creative economy preparing for recovery and when the recovery comes we'll be very well placed. \$196 million going to a Commercialisation Institute such that we're going to be able to convert the really good ideas of small businesses and start-up companies into practical reality that earns dollars and cents. So these are just some of the initiatives in the budget, more than \$500 million, a big boost for small business.

**TRIOLI:** Craig Emerson good to talk to you today thanks so much.

**EMERSON:** Okay, thanks Virginia.

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