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DEREGULATION

INSIDE CANBERRA

Madonna King and Senator George Brandis
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E & OE

SUBJECTS: Economic Stimulus Package

KING: Dr Craig Emerson and Senator George Brandis are with us this morning. 1300 222 612 if you want to talk to them. Where does the money come from? This is based on individual taxable income. So if your partner earns \$1 million this year and you \$90,000, that means you get \$650 doesn't it? Is that fair? How much do you get? You can talk to them now. Rudd Government Minister, Dr Craig Emerson and the Opposition too, Senator George Brandis is the Shadow Minister and perhaps you might like to ask them what the Opposition would do differently and whether or not they will support package, whether this will even go through. 1300 222 612. Dr Emerson, good morning.

EMERSON: Good morning Madonna.

KING: Senator George Brandis, good morning.

BRANDIS: Morning Madonna.

KING: A busy morning so we'll get to it and a little bit of a change in pattern this morning. We're going to ask people to ask you questions. We've got so many questions on this, several by email too and I'll start with one of those which I've got three copies of. Where does this money come from? If we don't have this money, will you have to borrow it?

EMERSON: When you go into deficit, that's what happens, you borrow the money.

KING: All right, and they're saying, well what bank would loan you \$22 billion in the current climate?

EMERSON: Well you issue bonds and it could be people from within Australia who buy those bonds, people from overseas who buy those bonds.

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Usually when governments issue bonds, the bond issue is taken up so I don't think it will be a big problem, people taking up government bonds, because they're regarded as particularly safe - particularly in this economic

environment where some other instruments mightn't be as safe.

BRANDIS: Can I have a go at answering that question?

KING: No I think that answers it and I want to try and get through as many as possible but I'll start with you George Brandis, just quickly. Is the Opposition going to support this package?

BRANDIS: No, the Opposition is going to oppose the package.

KING: Does that mean that this may not go ahead?

BRANDIS: Well, we will be voting against it in the House of Representatives and we will be voting against it in the Senate because we are not prepared to saddle the next generation of Australians with a gigantic debt. Now, Madonna, one thing your listeners should know is within the last five minutes the Minister for Finance, Mr Tanner, introduced into the House of Representatives a Bill to lift the borrowing authority of Australian Governments from \$75 billion to \$200 billion. In one Bill the potential exposure of the Australian Government to debt has been increased to \$200 billion.

KING: All right, I understand that, but because we want to get through so many questions, you're simply saying, George Brandis, because it will go into deficit so much, the Opposition will say no to this?

BRANDIS: The Opposition will say not to this basically for two reasons...

KING: No, no, that's sufficient. Let's got on to some and we'll come back to that a little bit later on. Rose from Rockhampton, good morning.

ROSE: Good morning Madonna. Good morning Craig, George.

EMERSON: Hello Rose.

BRANDIS: Good morning.

KING: And can I get you to be brief Rose? What's your question and who is it to?

ROSE: To both of you, my son lost his job two weeks ago. He hasn't applied for unemployment benefits yet. Will he be eligible for the \$950?

EMERSON: If he undertakes a training program of any sort: if he goes back to school, goes to TAFE. So there's an allowance there of \$950, the same as for the Family Bonus, if he basically goes into some sort of training program.

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KING: All right, thank you Rose from Rockhampton there. John is from Boondal, John good morning.

JOHN: Good morning. Good morning to you all.

KING: Your question is to who?

JOHN: Well, to the Federal Government.

KING: All right. Dr Craig Emerson, this is John. John, what is your question?

JOHN: I understand that the tax bonus of \$950 is going to be paid to all persons who earn less than \$100,000 and...

EMERSON: Not quite right. You get \$950 if you're over the tax-free threshold and up to \$80,000 and then it tapers down between \$80,000 and \$100,000, but basically you're on the mark.

JOHN: My question is that I understand that it's only applicable to

actually paid tax. I worked in the financial year 07/08 and earned over \$20,000 but because I was entitled to some offsets I didn't actually have to pay any tax.

KING: Therefore, are you entitled? Dr Craig Emerson.

EMERSON: Yeah, look, if you put in a tax return I think you may be, but I will get back to you on that because it's based, you're right, it's based on, initially, on your taxable income for 2007/08. So if you were a taxpayer, that is you're in the system as paying tax for that financial year, you may well be eligible for that payment.

KING: All right John, are you happy for us to pass on your number and someone from Dr Emerson's office will get back to you?

JOHN: Yes I am.

KING: All right, and we'll take John's number down and get back to Dr Emerson on that. Eve from the Sunshine Coast, good morning Eve.

EVE: Oh, good morning Madonna. Good morning gentlemen.

EMERSON: Hello Eve.

EVE: Look, I waited to watch Question Time on the ABC yesterday which I have watched since its inception - it didn't matter which Party was in power. Now for the first half hour of Question Time in Queensland we had condolences. The second half hour we had Mr Rudd pushing his plan for our future. After listening to the radio, the television and the newspapers talking about this huge \$110 billion hole over the next four years, we're very, very concerned and we are relying on that particular time...

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KING: So Eve, what is your question?

EVE: My question is what has changed that we, are they changing Question Time now that we can't listen to questions as Australians that we're entitled to?

KING: Eve. Your answer to that Dr Emerson?

EMERSON: Yeah, well Question Time did proceed. We did have condolences including for a soldier who was killed in Afghanistan. Both Kevin Rudd and Malcolm Turnbull spoke eloquently about that. There was a death of a former MP. We recognised that a soldier in Afghanistan had been awarded the Victoria Cross. I think that's all pretty appropriate. Kevin Rudd did...

KING: So are you just saying, just to move you on, are you saying that Question Time was just delayed yesterday?

EMERSON: Yeah, it just followed and there were 10 questions each side, so 20 questions as usual.

KING: All right.

EMERSON: It just took a little while because we needed to do these other things.

KING: Eve, perhaps it wasn't then just...

EVE: Madonna, it wasn't followed through on television in Queensland.

EMERSON: Oh, well that's possible yeah.

KING: And that's an issue probably for television Eve as opposed to the politicians if it went ahead in that way but thank you for your call this morning. Dr Craig Emerson by email someone wanting to clarify, this is based on your individual taxable income. So if you were a lawyer, you were on \$180,000 a year but you cleverly are able to have, get your income in such a way that your expenses add up to \$90,000 a year, your taxable income is \$90,000 a year, can you claim this bonus?

EMERSON: It is based on taxable income and if, in fact, your deductions were \$90,000 and you ended up with a net taxable income of \$90,000, then that would put you in that range of above \$80,000 but below \$100,000, where in fact you'd get less than \$950, I think in fact it's \$650, and then going down to \$300.

KING: And along those same lines, a couple where someone is earning \$300,000 a year and someone \$60,000 a year, the person on

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\$60,000 a year is still able to claim because it's based on individual income not household income?

EMERSON: It is based on individual income that's right.

KING: All right. Howard is from Heathwood, good morning Howard.

HOWARD: Good morning.

KING: Your question?

HOWARD: Yes, good morning gentlemen, good morning Madonna. I was made redundant, I'm aged 61, I was made redundant last September after being 15 years with a company locally here in Brisbane. Obviously they gave me a redundancy package when I left and I've never been out of work for more than two weeks on one occasion since I left school. So as I'm sure you can imagine, I've paid a few taxes in my time. I'm just trying to find out whether or not it's possible to get any of these bonuses that are being handed out at present bearing in mind that I've already been to Centrelink when I was made redundant and the guy told me to come back when I'd spent all my redundancy package.

KING: Dr Emerson?

EMERSON: If you were in the tax system it's really a similar question to the very first question and you have a taxable income, and that could be from investment income for example...

KING: Or from a redundancy.

EMERSON: I'm not sure that the redundancy payment itself would be fully taxed. There's quite a complicated treatment of that but if your listener has income from the redundancy payment, for example, and is earning investment income, although in these times it's probably less likely the way the stock markets are going. Look, if he's in the tax system he may well be able to claim the \$950. It's a very similar question to the first one and we'll respond to that.

KING: Howard, you understand that?

HOWARD: Yes I do.

KING: All right. Thank you. 1300 222 612 if you'd like to speak to Dr

Emerson or Senator George Brandis. You heard Senator Brandis say the Opposition will not go ahead in supporting this package. The Opposition very worried about the level of debt it is causing. Phil from the Gold Coast, good morning.

PHIL: Good morning.

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KING: Your question?

PHIL: My question is for the Government at the moment. Why did you choose the money this way? Why didn't you choose to help our ailing health system and prop up the jobs and create jobs in that way? Why didn't you choose to spend it on better road infrastructure? Why didn't you choose to spend it on tax credits back to the people rather than a lump sum splurge?

EMERSON: Well, in fact, we are spending on roads. Two thirds of this package is going on nation building works including roads black spots, road maintenance program, school maintenance programs, new facilities at schools. It's really a plan, as much as anything, for tradies, a tradies' plan. They will benefit greatly from this. On this occasion we aren't spending on health infrastructure but there is an enormous amount of money going into that anyway. And in terms of tax credits, I mean that's just another way of looking at these bonuses that are coming back, they are effectively tax, you know, in and through the tax system. If you want to call it a tax credit you can. We call it a tax bonus and we're doing it because there's a global recession and we're stimulating the economy.

KING: No he understands that, he was saying why that, and the same with John from the Sunshine Coast, in an SMS he's saying most people will save this bonus, why didn't the Government cut the GST rate, then the benefit is only received if spending takes place?

EMERSON: Well we won't get into too much complicated economics but they may well substitute anyway. I mean if they get some benefit in terms of reduced cost of consuming goods through a reduction in the GST rate they may save some of that benefit so people respond in that way and you can't tell people what to do. What you can do is target these measures at those people who are more likely to spend it rather than save it and that's why it's targeted at lower and middle income earners.

KING: Rob, Lynne, Tim, Don, you're next but first Cookie via SMS, we're a single income family. I earn under \$80,000, my wife works part-time at Uni, no wife is part-time at Uni, four kids at school, what will we get and when?

EMERSON: You'd get the \$950 for Cookie. If his wife's got a taxable Income above the tax-free threshold, she will get \$950 as well.

KING: She's a student, yep.

EMERSON: Yeah, his wife. Then there's a back to school bonus of \$950. If their children are, and there's four of them, so, you know, get the old calculator out.

KING: So they get \$950 per child?

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EMERSON: I think that's right. So, you know, overall it's a very, very substantial package for them and the good news is that this will arrive automatically. You don't have to apply for it.

KING: When?

EMERSON: Some will come through the tax system and that's on 11 March, the money that's coming through the tax system and the others will come through the Centrelink system. So you won't have to apply.

KING: All right, the next question. If you don't have social security, everyone has a tax number, so you have a bank account for everyone, so it will just go automatically in the bank account or will it come by a cheque to their home.

EMERSON: No, it will come by electronic transfer into the bank account. That's coming from Centrelink or from the Tax Office.

KING: Someone has school age kids age 4-18. My son is four, in fulltime pre-school at day care. Does he get the dollars?

EMERSON: Well he should get the school bonus and the other kids who are obviously between four and 18 will definitely get the school bonus.

KING: If you get, if you get Family Tax Benefit A do you get the \$950 per child back to school?

EMERSON: You do and the back to school bonus is for children aged 4-18.

KING: Carolyn, I was on \$85,000 last year, unemployed for the first six months this financial year. Now on \$60,000, will I qualify?

EMERSON: She will. But I have to add that she will if this legislation passes through the Parliament.

KING: And we will come back to that.

EMERSON: I know. I just want your listeners to understand this cannot flow without legislation and Malcolm Turnbull has announced that they will block it. That just leaves it up to Steve Fielding and also to Nick Xenophon. So it's looking pretty precarious.

KING: I was waiting till someone else called with that question but let's go back to George Brandis on that now. George Brandis you said there were two reasons. People are expecting this money just can you, in brief terms, tell us why the Opposition are saying no?

BRANDIS: Well, just hang on a moment Madonna. I mean people are only expecting this money because yesterday the Prime Minister announced that he was spending this money and, you know, one, the two reasons are these.

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First of all, this is too much debt for the country to be getting into. I mean this is back to the days of Gough Whitlam when a previous Labor Government threw money around like confetti, got the country deeply into debt and it took years, in fact it took years practically until the mid-1990s for the country to recover from the Whitlam economic disaster.

KING: All right, that's your first point. What's the second point?

BRANDIS: And the second point, and this is a point that Peter Costello made very forcefully on *Lateline* last night, if any of your listeners heard him.

EMERSON: The aspiring Leader of the Liberal Party.

BRANDIS: Is that it's a poor quality spend. I mean if you're going to spend money on a stimulus package, and we don't say there shouldn't be a stimulus package of some kind, then you spend it on productive expenditure - expenditure that will generate economic activity into the long term. You don't throw it away in one-off payments.

KING: No, no, Craig Emerson you've had a fairly good go answering them. Can I just ask George Brandis this though? Senator Brandis, aren't you going to be very unpopular: people now expecting \$950 payments, \$650 payments and the Opposition being the people that will stop that happening?

BRANDIS: Look, any politician can buy some short-term popularity by saying to the electorate, well we're going to put hundreds or thousands of dollars into your bank account but we have an obligation as an Opposition to think about the consequences of these spendthrift policies and we, in particular, have an obligation to future generations...

KING: All right...

BRANDIS: No, no, let me finish on this if I may please. You asked at the very start of this session of Craig where, who was paying for this and Craig gave you a lot of economic jargon about government bonds. Government bonds are debt. The calculation at the moment is that, on even the most conservative estimate, in four years time the Australian Government will be \$70 billion in debt, of which the lion's share of that debt is this \$42 billion and the Parliament, in less than 48 hours, is being asked to spend \$42 billion and that's to saddle every man, woman and child in this country with \$2,000 worth of debt.

KING: All right, well let's leave it there Senator Brandis but you've heard what Senator Brandis has said and perhaps you want to direct a question to him about that. Perhaps you agree with him, perhaps you disagree with him but if you've got a question for Senator Brandis too, give me a call, 1300 222 612. Please be patient, so many people trying to understand this this morning. Rob is from Kalinga, good morning Rob.

ROB: Good morning.

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KING: Your question, as briefly as you can?

ROB: People who are over 65 and who are still working full time, and obviously paying tax, and have a Commonwealth Seniors Health Card and therefore received the first \$2,100 hand out. Are they going to get the \$950 as well?

EMERSON: They will get the bonus, yes.

KING: That's good news for you Rob.

ROB: No, I think that's a little bit unfair. I think people are getting two bites at the cherry. I think there should be some cross reference between the Tax Office and Centrelink.

KING: Do you support the Opposition saying no because of the level of debt?

ROB: Yes, I think, I think, well I don't support this particular concept because people who are working full-time, they have a salary coming in. So

why do they now get a hand-out?

EMERSON: Part-time workers too.

KING: Because the Government is trying to stimulate spending. Isn't it Craig Emerson?

EMERSON: Yes it is and every economist in Australia and every reputable institution around the world says it is responsible to go into deficit during a deep global recession.

KING: But it's an issue of how much debt I guess. Senator George Brandis is talking about \$22 billion.

EMERSON: What George Brandis, Malcolm Turnbull and Peter Costello are saying to your listeners is that in receiving \$950 that is a poor quality spend. I think that is an indictment on your listeners. I do not believe that they will spend that money unwisely.

KING: Well that's up to them I guess how they spend it, Dr Emerson.

But let's move on. Several people, we've probably got another 15 calls just waiting. Lynne from the Sunshine Coast, good morning.

LYNNE: Morning Madonna, gentlemen.

KING: What's your question briefly?

LYNNE: Self-funded retirees on allocated pensions receiving \$80,000 between us, putting in a nil tax return for the year.

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KING: Are you eligible?

LYNNE: Yes.

KING: Dr Emerson?

EMERSON: If you are receiving \$80,000 between you, you would be in the tax system.

LYNNE: But it's allocated pension so we pay no tax on it.

EMERSON: Oh, I see, yep. Look, again, this is the same question really, or you're in the same circumstances as, I think, the first and third question. Let me get back to you on that but it basically is a question of whether you're in the tax system or not. If you're in the tax system you get the bonus.

KING: Lynne, you're happy for us to pass on your details.

LYNNE: Yes.

KING: And we will also let everyone else know because we've had several questions, Dr Emerson, along those lines. We appreciate you following up on that. Tim from Auchenflower good morning.

CALLER: Hi.

KING: What's your question?

CALLER: Why is the Government discriminating against people who don't have children?

EMERSON: It's not if you are without children.

CALLER: But we missed out on the first bonus and now we miss out.

EMERSON: You don't miss out this time, you don't, you don't. You get \$950 if you have a taxable income of up to \$80,000, if between \$80,000 and \$90,000 it's \$650, between \$90,000 and \$100,000 it's \$350, but \$950 sub...

CALLER: If I had children I'd be raking in thousands of dollars.

EMERSON: Well hold on you just said you missed out and I just pointed out that you don't miss out. \$950 I think is a substantial bonus it's the only point I'm making other.....

CALLER: ...since April last year and I was terminated the week before Christmas and reading the Centrelink website people with sickness benefits received a bonus this time but because I've been moved to Newstart allowance I don't, I'm not eligible from any help from the Newstart because I have a valid medical certificate and I received nothing.

EMERSON: Well I'm saying if you've got a, if you're in the tax system, if you are in the tax system you get \$950. If you're in the training system of any you know reasonable sort of training you get \$950. It's not true that people who don't have children get nothing, it's just not true.

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CALLER: Other people with families, yet we get discriminated against.

KING: All right, we here..

EMERSON: Well it's always going to be the case that some people get more than others but I'm just dealing with the assertion that people who did not have children get nothing as a result of this. That is not true.

KING: Okay, do you have to get Family Tax Benefits A to get the Back to School bonus, asks Kelly?

EMERSON: Yes you do.

KING: Okay what if the student works part time do they still get the payment as a student?

EMERSON: They do that's right. It's a payment to the student in respect of the student.

KING: Anne says my 18 year old daughter finished school in 2008, started uni this year, no youth allowance, will she get anything on an education basis?

EMERSON: Yes she will. It's a similar amount to the Back to School bonus.

KING: Mick from Wavell Heights says Madonna listen to your callers I want I want I want, it's awful, we're become a nation of giving out handouts. Derrick says 'why was this announced when it hasn't been passed?' That's because the Government announces and it's up to the Opposition Derrick to decide whether they support it or not. If people are paying debt surely that will enable people to spend income as my family will, Sandra from Rochedale says. Gentleman can we just cross to hear the news headlines and take a couple more calls after that?

EMERSON: Yep, absolutely.

NEWSBREAK.....

KING: We look forward to that, thank you Kieran, it's 28 minutes to 10. Dr Craig Emerson, Rudd Government Minister and Senator George Brandis from the Coalition taking your calls this morning on what this package might mean to you. And they have kindly agreed to extend it for 10 minutes or so. Anne from the Grange good morning.

CALLER: Good morning Madonna.

KING: Your question.

CALLER: My question is I wonder if there's a, a question of equity actually to

people with kids like on Newstart, unemployed people or people on sickness benefits or sole parents with children do they qualify to the Back to School, because if people who earn quite a lot more are able to get it but people that are struggling they can't as well can...

KING: All right Anne's cut off there but your answer to that Dr Emerson?

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EMERSON: Yeah, they would be eligible for the Back to School payment.

KING: All right well that's good news there for Anne. Graham is from (inaudible), Graham what's your question?

CALLER: My question is to George from the LNP. At the last federal election we went in knowing that the Labor Party has always run up debt, debt as part of their structure to provide infrastructure. Why is it such a big deal this time when you know that the economic call, the climate is very severe on what's going on and banking... the thought is around the world and why would you want to rock this when you know that the Labor Party has always tried to pump along infrastructure with large debt?

BRANDIS: Well when the Labor Party went into the election which is less than 18 months ago they paid for a very handsome advertisement on the television in which Kevin Rudd said and let me quote his very words 'when it comes to being a economic conservative, that's a badge I wear with pride' unquote. Now the Labor Party went into the election saying there is no difference between our economic policies and the successful economic policies of Peter Costello which gave Australia a decade of prosperity in the late 90's and the early 2000s. Now there has been a complete reversal. This is a throwback you know, a throwback beyond the days of Hawke and Keating and I should say that my friend Craig here was an adviser in the Hawke/ Keating government. The Hawke/Keating government ... was responsible for some significant economic reforms but this is a throwback beyond those to the economic policies of Gough Whitlam which ruined this country for half a generation.

MADONNA: All right.

BRANDIS: That is, that is why we will be opposing this because we believe that you don't buy your way out of an economic crisis by spending like a drunken sailor.

MADONNA: All right George Brandis thanks for your response there. Let's go to Ron from Bribie Island, Good morning Ron.

CALLER: Good morning Madonna.

KING: Your question.

CALLER: Yeah my question is - I'm on a disability pension but I work parttime, so I only get part of the disability pension and I do pay tax on my part time work, will I be eligible for the \$950?

EMERSON: Yes you are.

CALLER: We are.

EMERSON: Yes you are, yep. Well again, I don't want to be picky about this but you are if we can get it through the Senate, but that's looking pretty bleak.

CALLER: Yeah that's fine but because we do pay tax on our part time

employment, we are under the \$80,000 we do qualify?

EMERSON: That's right yep.

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KING: All right Ron from Bribie Island, thanks. Kay from Bardon says what happens to those families on tax B and school children, you've said tax benefit A get it, what about B?

EMERSON: Yeah if you're on Family Tax Benefit B and I think that takes you up to about \$150,000 then you do get it, and you know if you're on Family Tax Benefit A you can actually get more than the \$950. But people will know how much they get if we get it through the Senate because it will come automatically, as we said earlier Madonna, through an electronic transfer but yes they are eligible.

KING: Robyn from the Gold Coast your question is for Senator Brandis.

CALLER: Yes I want to know, Turnbull's just blocked the package, but I want to know what Senator Brandis and Mr Malcolm Turnbull are going to do themselves? They have negativity and that's coming over, they haven't come up with one suggestion.

KING: So what would you do Senator George Brandis?

BRANDIS: Well two points arising out of that, first of all trying to save the Australian people from being burdened with a generation of debt. I don't regard as negativity. I regard that as something the Opposition absolutely should be doing for the benefit in particular of the generations to come. Secondly, Malcolm Turnbull will, because I've been in the studio with Craig doing this show with Madonna, I haven't heard most of Malcolm Turnbull's speech. I believe he just sat down but I know that in bits of that speech he was outlining some alternative measures which the Opposition would favour and I go back to my earlier point, one of our key critics of this package is that it is a poor quality spend because it's not an investment.

CALLER: So what would you do?

BRANDIS: For example well I, I, I'm not in a position to say to you what I...I haven't heard Malcolm Turnbull in Parliament but can I identify two areas. One is small business, now this package does very little in terms...

EMERSON: ...completely untrue George.

BRANDIS: Very little....

EMERSON: ...completely untrue.

BRANDIS: It does a few things.

EMERSON: It has been welcomed by every small business organisation in Australia.

BRANDIS: Can I finish Craig, it does...

EMERSON: You can only finish if you tell the truth.

BRANDIS: It does very little for small business. It does a couple of things that small business has predictably welcomed but the Opposition's approach would have been to concentrate this money or to concentrate a stimulus package much more on the productive sectors of the economy.

EMERSON: Well who do you think will benefit from the \$950 who you were describing the recipients of which we describing was a poor quality spend?

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KING: All right let's go on to our next caller because it actually relates to small business. I think Don...good morning Don.

CALLER: Good morning.

KING: You are a small business person?

CALLER: Yeah.

KING: What is your question?

CALLER: Well firstly can we define what is a small business? What is what are we talking about, what size business?

KING: All right Dr Emerson, what is a small business?

EMERSON: Yes okay. I need to explain very briefly there is a 30 per cent investment allowance for all businesses, so small, medium and large.

KING: That answered your question Don, didn't it?

CALLER: It did but just yeah that's right.

KING: All right so that applies to all businesses but Dr Emerson what is a small business in your definition?

EMERSON: Ah now this definition that we use is businesses with the turnover of less than \$2 million a year. And what they get is that they can claim this investment allowance against plant and equipment and other assets worth more than \$1000. But for businesses that are regarded as medium and large the minimum claim is for more than \$10,000. So there's a difference there but the allowance is the same allowance for small, medium and large businesses.

KING: All right and Don's questions question related that 30 per cent investment allowance that goes to all businesses.

EMERSON: Yep that's right.

KING: From Penny while on definitions, we're a single income family but don't get the single income bonus as our children are all grown up so when is a family not a family? it appears a family is only a family when they have young children.

EMERSON: No again that's not right. If they're earning any taxable income and I imagine they are because your listeners describe their families as a single income family without dependant children then they will get the tax bonus and depending on the income of up to \$950.

KING: All right just before we go to Michael from the Sunshine Coast a question from me: is the reason for what was announced yesterday, is it to help people who are struggling or is it encouragement for people to go and spend this, spend it so that we kick start the economy? What's the rationale?

EMERSON: It is a stimulus package but it is also a nation building package and George is wrong about this point. One third of the funding is for families and single income earners and people without children the sorts of people mainly who have been ringing in Madonna.

KING: Yes.

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EMERSON: Two thirds is for nation building whether it is roadwork or school works and so on all of which is designed to stimulate the economy.

KING: Okay so you are saying mainly stimulus and the reason I ask that is

twofold. One is pensioners are left out of this and we know you are looking at that down the track but they are probably struggling at least as much as many others. The other is if unemployment is going to jump what 4.5 per cent to 7 per cent, 300,000 more people out of work, there's not a lot for unemployed so is that the rationale behind, behind that, that the aim of this is actually to get people to spend money?

EMERSON: It is to spend money and there will be further initiatives to be announced in relation to people who are unemployed. We're working on that. We haven't forgotten pensioners; we know the bonuses they got before Christmas. We'll get a report by the end of this month and there will be further news for pensioners in the budget.

KING: Okay.

EMERSON: We're covering as many bases as we possibly can but this package, Madonna, in terms of its economic impact - and in terms of the critique that is coming from the Coalition that it's a poor quality spend - has been endorsed by the Business Council of Australia.

KING: Yes we understand that and we've talked about that this morning. The aim this morning was to try and get as many questions answered as possible and we've probably got room for one more, from Michael from Sunshine Coast. Good morning Michael.

CALLER: Yeah g'day. My biggest problem with all this you know we've had governments both federal and state for the past 20 years get ourselves in a situation we have a surplus now and that applies to selling of ... (inaudible)...now we've sold the Commonwealth Bank, we've sold airports, we've sold electricity generating, you name it we've sold it. If this doesn't work and no one has said that it will work and we're left with this huge debt in four years' time and their quoting how many billions of dollars?

KING: Yes.

CALLER: What are we going to pay for it with?

KING: Yes okay that's the question, so what's the answer Dr Emerson?

EMERSON: Well the whole package is designed to protect us as much as we reasonably can as a government from the impacts of the global recession. Ultimately there will be a recovery. No one knows exactly when that will be but as there is a recovery there are more tax receipts, there are lower unemployment benefits and the budget starts to recover in that process. Now that's what happens in time but we can't do what the Coalition has effectively been saying by blocking this legislation, which is do nothing wait for it all to unfold, wait for it to be much worse.

KING: All right we've heard what the Opposition are doing and I just wanted to try and stay away from the politics a little bit. A couple of really quick questions. Paul from Springwood via SMS - do self-funded retirees qualify for the \$950 hand out?

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EMERSON: If they are in the tax system and again this is the, you know, it's a variation on the question that's been asked three times but if they're in the tax system they should.

KING: So if they are.

EMERSON:but we will get back to you.

KING: All right but you're saying just so that we understand this if they are earning income even off an investment they are eligible for it?

EMERSON: Yes that's right.

KING: Yes all right. What about workers who are paid tax but are on the 457 visa, yes or no?

EMERSON: I do not know.

KING: All right and a friend I work with from the USA she pays a normal rate of tax just like the rest of us and has for a good couple of years she's a temporary resident through and here on a work visa, will she get the bonus?

That's along the same lines.

EMERSON: Yes, again I don't have information about that but will get that information back to you.

KING: Gentleman I know it's a busy, busy day in Canberra I appreciate very much your time, thank you.

EMERSON: Thanks Madonna.

BRANDIS: Thank you.

ENDS