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MADONNA KING

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SUBJECTS:

MADONNA KING: Let's just take a peek inside the corridors of power with our regular Wednesday morning duo, that's Dr Craig Emerson, Small Business Minister and now Consumer Affairs Minister, too. Good morning, doctor.

CRAIG EMERSON: Good morning Madonna, pinch and a punch for the first of the month.

MADONNA KING: And a penny back to the next.

CRAIG EMERSON: Ow!

MADONNA KING: That's what my - that's right, isn't it, yeah. Senator George Brandis Opposition Attorney-General spokesman, good morning Senator.

SENATOR GEORGE BRANDIS: Good morning Madonna, good morning Craig.

CRAIG EMERSON: Hello, George.

MADONNA KING: A lot to get through in the next 17 minutes or so. Dr Craig Emerson, briefly, all sorts of changes to our tax today; can you outline those?

CRAIG EMERSON: Yes, I can. The low income tax offset is for low income people and it increases the tax free threshold from \$14,000 to \$15,000, so you'd be able to earn \$15,000 without paying any tax. That's starts phasing out at \$30,000. So if you're in that range of up to \$30,000 you'd get a tax free threshold of \$15,000.

The threshold for the 30 cent rate increases from \$34,000 to \$35,000 which is a bit of a benefit. And the 40 cent rate comes down to 38 cents.

In addition for the first time, Madonna, there's an education tax refund. We promoted this during the financial year that's just finished today, but it's claimable now that the tax returns will be lodged. And that's \$750 for primary school kids and for secondary school kids \$1500. You get 50 per cent allowance for that. So that covers matters like text books, laptops and so on, so people should keep their receipts for those.

MADONNA KING: What's the highest amount of personal tax someone will pay, from today?

CRAIG EMERSON: Well, if they're the Packers or someone like that, it would be a massive amount of personal tax. But...

MADONNA KING: The rate has come down, so what's the highest tax?

CRAIG EMERSON: Yeah - oh, sorry, I'm with you. Look, the top rate is 45 cents in the dollar.

MADONNA KING: Okay, and you have to be earning how much before that kicks in?

CRAIG EMERSON: Oh, \$180,000, so not a lot of people are on that rate. That cut from 40 cents to 38 cents, that's for middle income earners and that will be a substantial benefit.

MADONNA KING: So you pay 38 cents in the dollar up to \$180,000 then it kicks into 45 cents.

CRAIG EMERSON: Yeah, but not for every dollar because you get the tax free threshold, then you get the lower rate but, yeah, around that big benefit there.

MADONNA KING: This would be something to be applauded, Senator George Brandis?

SENATOR GEORGE BRANDIS: Well, let's remind ourselves what the history of these tax cuts is. This is the delivery by the Rudd Government of a policy promise that was made at the 2007 election...

MADONNA KING: But, surely you should still welcome it?

SENATOR GEORGE BRANDIS: No, mate, can I finish, please? A policy promise that was made at the 2007 election in order to match the commitment that had been made by the Coalition. And, but for the commitment that was made by the Coalition at the time, these tax cuts wouldn't be happening today.

This is a continuation of a series of tax cutting budgets from the previous government. So, you know, to the extent to which this is an adoption of our policies, then I'm hardly going to criticise it.

MADONNA KING: No, but certainly you could welcome it. Lots of Australians from today will pay less tax.

SENATOR GEORGE BRANDIS: Well, the Liberal Party, unlike the Labor Party, has a philosophical predisposition towards low taxes; we believe that if the budget is kept in order, which of course it hasn't now been by this government, and if the ordinary services of government are provided for, then the surplus ought to go back to the taxpayer in the way of tax cuts and that's the way the Liberal Party has always governed.

MADONNA KING: I want to move on but you say that and you say let me give you a history lesson, it was your government that had it at 45 cents in the dollar for so long. It was coming into the 2007 election when you decided...

SENATOR GEORGE BRANDIS: No, no...

MADONNA KING: ...to actually reduce it.

SENATOR GEORGE BRANDIS: No, no. It was our government that got it down to 45 cents in the dollar. Last time we came into office the top tax rate was 60 cents in the dollar, and we've progressively reduced it over 10 years.

MADONNA KING: All right, but good news...

CRAIG EMERSON: That's not right.

SENATOR GEORGE BRANDIS: That is right. It was 60 cents in the dollar...

CRAIG EMERSON: No, no...

SENATOR GEORGE BRANDIS: ...and we've progressively reduced it [indistinct]...

CRAIG EMERSON: No, no, it was 60 cents in the dollar under the Fraser government; the Hawke government cut the 60 cent rate down to 49 cents, George. Please be accurate with your listeners.

MADONNA KING: Or, in any case, the important thing today is that it is 45 cents in the dollar for over \$180,000 a year, but your tax scale will change and that guide just being given to you then.

Let's move onto another issue, and I'm not sure we'll get agreement here either, but lot's of talk in the last 24 hours about the Federal Government taking over health; that we constantly have problems relating to our health system from waiting lists to where the budget goes, to public hospitals stretched to whether our hospitals are in the right locations. George Brandis, does the Liberals support a federal takeover of health?

SENATOR GEORGE BRANDIS: No. The - we'll look at the Government's proposal carefully but, as a matter of principle, we remind you that under the constitution health is a state responsibility; it's under health care agreements between the commonwealth and the states and territories. The commonwealth of course has a very, very large role in the funding of hospitals, but there's a big difference between funding hospitals and running hospitals. And our philosophical predisposition is to respect the fact that hospitals are a state function.

MADONNA KING: All right. But at the moment, as you say, the Federal Government provides the money, so they fund it and the states actually are responsible for service delivery.

SENATOR GEORGE BRANDIS: Yeah.

MADONNA KING: Over the years, most people would say that has fallen down. Federal governments have said that, including the former health minister, that the money

wasn't being used properly in some states. How do we actually solve it if we don't consider a federal takeover?

SENATOR GEORGE BRANDIS: Well, that's a very fair point, Madonna, and there's a reason why the system was breaking down. And that is because state Labor governments which, until the election of the Western Australian Government late last year, were a monopoly of state governments; were spending the money very, very badly and a lot of it was being wasted. The problems were not as acute when you had state Liberal governments, I might say. But, anyway, be that as it may.

This is an issue, you rightly identify that as an issue - and it's not just an issue in health, by the way - where the commonwealth funds a function that is constitutionally to be performed by the states and the states don't spend the money properly.

Now, there are a number of ways to attack this: one is one looks at the very terms of the health care agreements under which the funding is made available; another way is to have some manner of superintending way in which the money is spent more tightly, and there are other options as well...

MADONNA KING: So, how would you fix it?

SENATOR GEORGE BRANDIS: This is something that the opposition is looking at, and we will be announcing a health policy...

MADONNA KING: All right, okay...

SENATOR GEORGE BRANDIS: ...in advance of the next election. But you asked me what are ways to approach it, and those are some of the ways to approach it. But our philosophical disposition is to respect the federal system.

MADONNA KING: Craig Emerson, your leader has suggested that, you know, he promised that there would be a federal takeover if states couldn't deliver services properly. Do you believe they are being delivered properly?

CRAIG EMERSON: Look, I think our health system always is in need of repair and modernisation, but I do want to just say very briefly how much we appreciate the hard work of the hospital staff: the nurses, the doctors and so on. They do a magnificent job...

MADONNA KING: So where is it falling down, then?

CRAIG EMERSON: Well, we have an ongoing health problem in Australia and, in some respects, it's the problem associated with marvellous new technologies. Now, we want those marvellous new technologies; they save lives, they extend lives, they improve quality of life, but they're expensive. And, you know, no government is - or should want to stop those

technologies, but it does mean that there are ever increasing demands on budgets, federal and state, for health expenditure. It's actually a sign of, you know, a developed economy that's doing quite well, and expectations are that these technologies are made available, they're...

MADONNA KING: That's all very well if you're not sitting on one of those long waiting lists.

CRAIG EMERSON: No, well I'm not saying, and I wouldn't want you to believe or interpret that I'd just said that the health system is perfect, I'm not saying that. I'm saying people work hard in it; there are big challenges, the challenges won't go away irrespective of the political persuasion of a particular government.

We have worked collaboratively with the states through the Council of Australian Governments; there's a lot more money going into health now because we understand these imperatives. But there's a report that has been handed to the Government, it - I don't know what's in that report but we will...

MADONNA KING: Suggestions are it recommends not a federal takeover.

CRAIG EMERSON: Well, as I say, I don't know what's in the report. I think Nicola Roxon has said it's a very substantial document, we will release that when we can. The commitment was that if the system, you know, just

wasn't working by the end of - sorry, by the middle of this year, then we would look at that issue. We've got the report and we will consider that report and make an announcement as soon as we reasonably can.

MADONNA KING: George Brandis, very briefly.

SENATOR GEORGE BRANDIS: Craig, you're right to identify health funding as one of the big public policy problems. What you've neglected to say is that the Rudd Government, by making private health insurance more expensive for middle class people, has in fact put more stresses on the system than were there in the first place.

MADONNA KING: Craig Emerson?

CRAIG EMERSON: Well, then, George very routinely says, you know, we need to get the budget into shape, we shouldn't have budget deficits. And when we adopt that help reduce the budget deficit we get criticised. I suppose, you know, I'm not surprised about that.

MADONNA KING: Twenty-three minutes past nine here on 612 ABC Brisbane. Senator George Brandis, the opposition attorney-general spokesman and Dr Craig Emerson, Small Business and Consumer Affairs Minister in the Rudd Government.

Senator George Brandis, is Utegate over?

SENATOR GEORGE BRANDIS: Um, well I'm not proposing to say anything about it [laughs].

MADONNA KING: Well, it's been your party that's been prosecuting it.

SENATOR GEORGE BRANDIS: Well, look, Madonna, I was away last week when this was happening, I was with Peter Costello in Israel, as a matter of fact...

MADONNA KING: Well, what was he saying about it?

SENATOR GEORGE BRANDIS: The - I'm probably the wrong person to ask, frankly, if you want the detail of this. I mean, I'm aware of the issue, I followed it of course...

MADONNA KING: Was Peter Costello talking about it at all?

SENATOR GEORGE BRANDIS: We were more interested in talking about Middle Eastern politics.

MADONNA KING: Has it left your leader hemorrhaging?

SENATOR GEORGE BRANDIS: Well, I read the opinion polls on Monday and the opinion polls were quite striking. I think it was a short-term effect; I think any person with a lot of political experience would interpret those polls only one way, and that it was a short term effect to a time-limited issue and I think it will have no bearing whatsoever on the state of the polls going into the election next year.

SENATOR GEORGE BRANDIS: So you say your leader is safe?

SENATOR GEORGE BRANDIS: Absolutely...

MADONNA KING: Because there's been speculation...

SENATOR GEORGE BRANDIS: Oh well, I don't think there's been serious speculation. I mean, you know, let's not forget that Malcolm Turnbull is one of the smartest, the most impressive political leaders either side of politics has brought forward in this country for many a long year.

MADONNA KING: All right. Dr Craig Emerson, I don't want you to go back over Utegate, but I asked the Prime Minister this question yesterday, and he got a bit cranky with me and wouldn't answer it. But why does someone in that position with that means put themselves in the position by actually borrowing a 16 year old, or however old it is, ute?

CRAIG EMERSON: Well, as you say, you asked Kevin the question and he gave an answer, and...

MADONNA KING: Well, he didn't, that's why I'm hoping you might.

CRAIG EMERSON: Well, I think you need to rely on Kevin to respond to a question like that. More generally, Madonna, I think people are over it, I think they're sick of it. There were very, very serious allegations made against the Prime Minister and he responded to those. It was quite nasty in Canberra, let's move on,

let's talk about the sorts of issues that we are talking about.

MADONNA KING: Well, what about this issue: research this morning that Australia is breeding a generation of mummies boys? Twenty-seven per cent of men aged 20 - 34 are still enjoying home cooked meals and having their washing and cleaning done. Not women - not sisters - sons. Would you cop that in your family, Craig Emerson?

CRAIG EMERSON: Oh, give the mums a break, they should get out of the place. You know there's a demographer named Bernard Salt and I heard him talking about this about a year ago, and he predicted that this would happen; it's not just the economic downturn...

MADONNA KING: But at what age...

CRAIG EMERSON: Well, I think it's unbelievable. And, anyway, he said the way it was going the parents would end up leaving the house [laughs]

MADONNA KING: George Brandis, is there an age where you say to your kids come on, this is the front door, move on?

SENATOR GEORGE BRANDIS: Well, I hope not. I think - I've got a slightly different take on this to Craig. I mean, one of the things that this shows is a return in a sense to much more traditional family structures, and I think that's no bad thing.

And I don't think you can make generalisations too much, either. What works for one family might be something completely different for another family. But, by and large...

MADONNA KING: But 27, you're 27, you're a son, dad, what's for dinner? Here's my washing.

SENATOR GEORGE BRANDIS: Well I left home when I was 24 so [laughs].

MADONNA KING: You're the wrong person to ask. Craig Emerson, is there a reasonable age?

CRAIG EMERSON: I will say this positively about it: the Asian cultures really put a lot of value in the extended family. And I think if you had, you know, kids staying to 27, 30 and so on, but also they played a roll in looking after grandparents...

MADONNA KING: Yeah, sure.

CRAIG EMERSON: ...I think that would be marvellous. And I think there's a lot going for that. But it sounds like these ones are just there for a free feed and there must be a point in time which they get the boot.

[Discussion continues about Lotto]

MADONNA KING: Craig Emerson, thank you.

CRAIG EMERSON: Thanks Madonna.

MADONNA KING: And Senator George Brandis. We'll talk to you again next week. Thank you.

SENATOR GEORGE BRANDIS: Thank you.