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Transcript
Doorstop

Other speaker: Federal Chamber of Automotive Industries (FCAI) Chief Executive
Andrew McKellar
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Subject: Vehicle Sales Figures

EMERSON: Good news on the economy today. New car sales have crashed through the 100,000 barrier and they are now the third highest on record. This is good news for the Australian economy. It builds on good figures for retail sales. It shows that the Australian economy is weathering the storm reasonably well. The new car sales figures have definitely been boosted by the small business tax break of the Rudd Government and the general stimulus measures. So the result today shows that the Government's stimulus efforts are working. The Government's stimulus efforts are supporting jobs in the Australian economy, supporting retail sales, and now supporting car sales. It's good news for the economy, good news for working people in Australia.

QUESTION: What actually are the figures? Sorry, you say they've gone through the one hundred thousand. We don't have them.

EMERSON: OK. And I'll now turn to...

McKELLAR: I'm Andrew McKellar the Chief Executive of the Federal Chamber of Automotive Industry. We released the car sales figures today for June and they show that motor vehicle sales have exceeded 102,000 units in June. That is the third highest monthly sales figure ever on record. And it's only the fourth time ever that sales have exceeded 100,000 motor vehicles in a single month. So, very encouraging news for the industry and very positive news for the Australian economy. As the Minister says there are clear indications in these figures that the business tax break that the Government has put in place has boosted these figures. Business sales of motor vehicles are up by 12 per cent on a year ago. That's 12 per cent over record levels of a year ago. So that is definitive evidence that the business tax break is providing strong stimulus to the market, that it is providing a crucial boost to business investment, that it's creating new investment and saving jobs out there in local economies.

QUESTION: And do you believe this is sustainable or do you think this is a one-off result?

McKELLAR: Well, I think it's a very positive sign for the market. The industry takes encouragement from these figures. I think one of the points to make is that the Government in the budget increased...strengthened the tax break to 50 per cent for small businesses going ahead to December this year. So, there's some positive incentive remains in place over the months ahead. If I can just say, our analysis shows that over the past three months this tax break has added to turnover to the tune of 300 to 400 million dollars for this industry alone. So that's a huge boost out there for local dealerships and flying back into businesses across the towns and cities throughout Australia.

EMERSON: And it's because we understood that small business regarded this tax break as a very attractive proposition that in the Budget as Andrew pointed out we extended that tax break for small businesses to the end of this year and increased the rate from 30 per cent to 50 per cent. So, in terms of ongoing stimulus, that is there. It will continue to create strong incentives for small businesses to invest in new motor vehicles, stimulating the economy and helping prepare them for the recovery. We are cautiously optimistic about the future of the Australian economy. We're doing much better than in the United States where some very bad figures came out last night. And also in the area of retail sales poor figures for the United States. Also, as I understand from Andrew - in the area of motor vehicle sales - poor figures in the United States. So compared with the United States and other advanced countries we are now one of only two countries that has recorded positive economic growth in the three months to March and the only country in the world that is recording strong retail sales figures as released earlier this week. So, the indications give us reason to be cautiously optimistic about the future of the Australian economy.

QUESTION: Will there be no need for OzCar now? No need to make use of its legislation now but is there any likelihood of it being needed?

EMERSON: Oh well we'll continue with the incentives that we've got here. For all other incentives we have worked in a co-ordinated way - not only through the area of OzCar and the small business tax allowance but through nation-building infrastructure. Seventy per cent of the stimulus package is nation building infrastructure. That too is a boost to incomes and a boost to confidence and I think Andrew will confirm that when consumers are confident they are more likely to purchase cars.

QUESTION: Can I ask you do we need OzCar?

McKELLAR: Well, yes we do. There is a commercial imperative there for that program. Ford Credit in particular have indicated that they will use it to help support their wholesale business for dealers. So that's a very important measure. And they have indicated that that will be of significant value to them. And it will support the continuing operation of their dealer operations around

Australia. So that's of fundamental commercial importance to the industry and we certainly welcome the passage of that legislation last week.

EMERSON: I mean there's a long way to go in guiding our way through the most severe global recession since the Great Depression. And we're not going to, on the back of these figures, say that the job is done. We need to continue with our nation building infrastructure investment. We need to continue with these various incentives because it's an enormously large challenge that we're confronting here. But the fact of the matter is, by any indicator that has been released in the last week or two, we are performing very, very strongly relative to all of the other advanced countries of the world. But we will not now sit back and say the job is done. More work needs to be done. We will continue to boost confidence, to boost investment in this country through such measures as this small business tax break.

QUESTION: What do you think will happen after December to car sales?

EMERSON: Well I'm not a foreteller. I haven't got a crystal ball.

QUESTION: You're certainly not going to have this. So what's the answer?

EMERSON: There is an enormous amount of income being generated through the stimulus packages. That is through the nation-building investment where we will have 35,000 construction sites in this country within the year. Now that means our tradespeople will be employed where otherwise they might not have been employed. It means a boost to confidence, business confidence and also consumer confidence. So a lot of the stimulus package effects are still coming through and they will still be there at the end of the year because these construction projects are coming on stream right through the year. So I hope that that maintains the levels of economic activity that we're seeing here. But we need to keep doing everything we can to grow the economy and to support jobs in the economy.

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