



**THE HON RICHARD MARLES MP
SHADOW MINISTER FOR IMMIGRATION AND BORDER
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MEMBER FOR CORIO**

**E&OE TRANSCRIPT
TV INTERVIEW
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SUBJECT/S: Malcolm Turnbull's Budget for big business over battlers

KIERAN GILBERT: With me now, we have got the Shadow Immigration Minister Richard Marles. Richard Marles thanks for your time. First of all your overall assessment of this budget you're obviously very critical of elements of it, but it seems to have gone down pretty well.

RICHARD MARLES, SHADOW MINISTER FOR IMMIGRATION AND BORDER PROTECTION: Well the budget isn't fair, it's as simple as that, I mean you earn \$1 million dollars and you'll get tax breaks of more than \$16,000, if you're a single income family earning \$65,000 with a few kids at school, you'll be \$3,000 worse off. I mean, do you need to say more, this budget completely fails the fairness test it's a budget for the big end of town and its done off the back of people who are earning less than \$80,000 which is most of the Australian population.

GILBERT: But you say the big end of town, the big end of town has to wait quite a while before they, the company tax cuts kick in, this is actually helping small and medium sized businesses if you look at the corporate tax side, yet Labor is closing its mind to that option.

MARLES: Well firstly in terms of fairness the tax cuts that are in there are largely in there for people who are earning a lot of money which is the point I make, that if you're earning a million dollars you'll be \$16,000 better off in terms of tax cuts and where people are being hit are those who are earning less than \$80,000. In terms of the company tax cut, look at the end of the day, this just isn't funded. On every single measure and this is the message that the government does not want to put out there, this is the issue that they do not want to talk about, the deficit is going up, debts going up, tax as a proportion of GDP is going up relative to the budget that Joe Hockey handed down and definitely going up

relative to what the Coalition was saying before they came to Government, I mean they have tripled the deficit.

GILBERT: Labor is saying it is not funded but the tax cut for companies is funded for the forward estimates and that is where you have the detail isn't it in terms of how you fund for 4 years.

MARLES: Well over the course of the forward estimates, debt, deficit and tax as a proportion of GDP, all getting worse, so in that sense we don't think it's funded at all. Kieran over the last three years we have been trying to engage in a genuine discussion about fairness in budget repair, you have seen us talk about reducing the concessions for wealthy superannuants, you have seen us talking about cracking down on multinationals -

GILBERT: Which is what the Government is doing on both fronts.

MARLES: No question, the best bits about this budget, there best ideas are our ideas and that's the bits that we support. But we have been leading the debate in all of this; this budget isn't about budget repair this is about budget damage and so at the end of the day when you look at a tax cut, be it a corporate tax cut or any other tax cut, of course people like it, the question is whether we can afford it and this tax cut for large companies, we are not talking about small business now but those above a turnover of two million, it's not funded.

GILBERT: But when you say they're large are they really large? Because we spoke to the Small Business Council this morning, Peter Strong and his point was that you can easily get up to five, six million dollar turn over even with a few trucks, profit margin might be small but these are small companies, so why does Labor block support to that?

MARLES: If you look over the ten years they are talking about increasing the definition to a billion dollars there is nothing small about that, we support a company tax cut to genuine small businesses they are doing it tough and there is no question of that and we have always been wanting to support them. I mean you have to pick a figure at some point a turnover of two million or less I think is an accurate description of what is a small business and we support that part of it, course we would love to put in other measures the question is whether you can fund it and this budget does not.

GILBERT: I guess the key question for Labor is where does your growth comes from because the Governments message at least is that they want to put it into the engine of the economy, small and medium sized businesses through the tax cut, the instant asset write off, that's their message in terms of growth, where is your message?

MARLES: Well firstly a lot of the messages in relation to small businesses ultimately derive their start from Labor; it was Labor in government which talked about the instant asset write off. A lot of the measures in relation to small business growth began with Labor. But coming back to the question of where is our message in respect of growth, growth is based on education; I mean we

need to be a science based economy which is climbing the technological ladder if we are going to make things that we can sell to the rest of the world we have to be competing on the basis of quality and not price and yet this is a budget which is cutting drastically higher education. There is nothing favourable about growth in respect of that, so we have been very clear about that but ultimately you do need to have a responsible message and you need to be living within your means and we have been engaged in that discussion over the last 12 months in a way the Coalition have not and to the extent that they are in this budget, following our ideas.

GILBERT: The tax cut issue; you keep referring to someone on a million dollars what about some on \$90,000 or \$85,000, do you really think that someone earning \$85,000 in Melbourne has an easy run at things with a couple of kids, of course they don't?

MARLES: Of course they don't, but here is the thing Kieran, I was looking at the Geelong Advertiser this morning, the nation's paper of record, and every scenario, the boxes that are published in the papers today, every scenario there's about nine of them that were published there, if you are earning more than \$250,000 a year you were getting money in your pocket, if you were earning less than \$80,000 and in some cases more than that you were actually losing money. Every single scenario, there is nothing fair about that, now in Geelong –

GILBERT: But where do you draw the line on this, because you are actually arguing now, you and Chris Bowen and Labor for a marginal tax rate of essentially fifty cents in the dollar is that competitive why don't you just -

MARLES: Were not -

GILBERT: Well you are because you want to keep the tax levy, the deficit levy in place.

MARLES: No, what we are saying is this there needs to be fairness in the way in which we have got our tax system and what is being proposed here is simply not fair, I mean four out of five Australians are not going to get this tax cut in my electorate, in a place like Geelong and that is very representative of large parts of Australia perhaps not Wentworth but large parts of Australia, most people are not going to get this, so the sorts of tax cuts which are described in this budget are simply not relevant for the vast bulk of the people I represent and indeed the vast bulk of people in Australia.

GILBERT: Are you worried that Labor is missing the key here in terms of aspirational voters; this is something John Howard tapped into the people who are earning \$70,000 this year and want to be earning \$80,000 next year and \$85,000 and \$90,000 by saying okay we are not going to deal with bracket creep, you're actually going to cop flak from that cohort as well.

MARLES: Okay, so in terms of the tax cut that is being put in place we're not going to stand in the way of that we don't meet it with a great deal of enthusiasm, given that four out of five people aren't going to get it, but we are not going to

stand in the way of that. There is lots that we have been doing in terms of supporting people, but the critical thing is most people don't get this and that is where support is needed and we need for example industry policy in this country which doesn't seem manufacturing leaving our shores, that's what has happened under this Government. In part it's a total failure of industry policy but when you think about going forward in that respect, it's what I said before, we need to climb the technological ladder we need to be investing in science and technology, this is a budget which divests, reduces investment in higher education.

GILBERT: Are you worried though in terms of the issue of a brain drain if you have individuals who earn over \$180,000 a year basically being taxed at fifty cents in the dollar, because that, aren't you worried about the issue of competitiveness both in terms of company tax and income tax because you keep referring to someone on one million dollars but again I put to you that people who are earning \$90,000 but then when you get to \$180,000 dollars where is the incentive? where is the incentive for these people to earn more?

MARLES: There is plenty of incentive that we have been talking about and if you look at the innovation package that we first announced, which again the Government largely copied in December of last year, I mean that was very much looking at way we can help start-ups that we can look to the new economy, that we can deal with the question of the brain drain and making sure that this is a country where people can do business and want to do business and we have a growing economy. I come back to the point about science, research and higher education you want to stop the brain drain you've got to invest in those areas this is a Government that has got no idea about that and has been consistently cutting in those areas and this budget is a further example of that, I mean this budget is going to add to a brain drain rather than stop it.

GILBERT: What do you say to a business in Geelong, in your seat of Corio who say has a turnover of three or four million dollars and you know they have eight staff and yet you're saying, no sorry; you can stay on 30%, that's a tough message isn't it?

MARLES: There are difficult messages. When you are dealing with a budget and you are trying to make sure the country lives within its means of course there are difficult messages, it is impossible to have a situation where all you do is go around handing out cake, at the end of the day you need to fund it and this measure is not funded. But I'll tell you what is a much harder pill for people to swallow and that is the idea that four out of five people in my electorate are not going to get the tax cut which this budget put on the table but the people at the wealthy end of the spectrum, certainly people in Wentworth, are going to be rolling in clover. Now that's a much more bitter pill for people to swallow in Geelong and sure we want to support small business and we do support the reduction in the tax rate for genuine small businesses. But a system which sees small business as being defined as less than billion dollar turnover it's ridiculous.

GILBERT: Richard Marles thanks for your time, appreciate it.

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