



MEDIA RELEASE

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Rudd Government 'creams off' \$1.5 billion from extra small business super costs to give a bit back

The Rudd Labor Government is set to 'cream off' \$1.5 billion per year in additional tax from the extra superannuation expense small businesses will pay under the Henry Tax Review response.

Small Business Minister, Craig Emerson should be straight with the small business community and honestly say that the Rudd Government's plan amounts to "*small businesses giving the Government \$3 dollars in extra tax and that nice Mr Rudd maybe handing \$2 back with extra spin*".

The Rudd Government's phoney claim that any help for small business depends on the so-called 'Resource Super Profits Tax' on Australia's mining sector is just cynical posturing and political gamesmanship.

Small businesses are well and truly aware that they are the ones paying a heavy cost for the Rudd Labor Government's over-hyped tax changes.

Employers will pay the increased cost of the increase in the superannuation guarantee and not revenue from Labor's great big new mining tax as the Government is trying to mislead people into believing. Sadly, the increases in payroll costs will see some small business employees pay for the increase with their jobs and reduced working hours.

With no locked-in wages trade-off, small business employers face higher payroll costs of \$10 billion per year due to the 3% increase in superannuation costs.

The 15% tax applied to a \$10 billion increase in small business superannuation contributions will harvest \$1.5 billion per year in additional tax revenue for the Rudd Government.

The Rudd Government claims its total package of support for small business will cost \$3.9 billion over the next four years, or less than \$1 billion per year. The additional 'super tax grab' from the 3% increase in small business employer superannuation contributions pays for all of the claimed tax cuts to small business and then half again.

With little or no opportunity for the small business community to negotiate under the re-regulated workplace regime and spiralling cost of living increases, any claim that extra superannuation contributions will be offset by smaller future wage claims under the Rudd Government is just fanciful and contrary to the union movements stated ambitions.

Even more ridiculous is the blatant Rudd Government lie that its ill-conceived new great big tax on the mining sector is needed to fund tax changes for small businesses with small business paying \$3 dollars more in tax for the \$2 benefit it might be able to access.

It is clear why smart small businesses know the Rudd Government offers the kind of 'strings attached' help they could do without.

Peel back the spin and ignore the distractions and small business finds it is paying an even bigger price for the big spending Rudd Labor Government.

Small business is too important to the Australian economy and wellbeing of our communities to be treated with such contempt by the Rudd Labor Government.

Attachment

Rudd's Lies – linking Labor's mining tax to superannuation & small business tax changes

‘...when it comes to the Super Profits Tax, what we're asking for is a fair share for all Australians, all West Australians, from the super profits being earned by our most profitable mining companies. So that there is money to do three things: boost the superannuation earnings of working Australians by increasing the superannuation guarantee from nine to 12 per cent, secondly give a tax break to the 230,000 small businesses in Western Australia, up to \$5,000 tax break, and thirdly, also, providing infrastructure investment for the infrastructure needs, road, rail and ports for this State.’ **(Kevin Rudd, Interview, ABC Perth, 5/5/10)**

‘...we need a new revenue source to make it possible for the future. Therefore our super profits tax on the mining industry is about three things. Firstly, to make sure that workers right across WA and right across the country get a fair share when it comes to their superannuation. That's the first thing, raising that superannuation guarantee from 9 per cent to 12 per cent.’ **(Kevin Rudd, Doorstop Interview, Perth, 4/5/10)**

‘What we're talking about, with our super profits tax for the mining industry, is delivering a fair share back to the people of Western Australia for their super...What we're talking about here is a fair share; a fair return for the mining industry but a fair return also for the people of WA, small businesses and people who want better super.’ **(Kevin Rudd, Doorstop Interview, Perth, 4/5/10)**

‘...there's a whole lot of people in this great state of Western Australia who do not get direct access to the super profits of the mining companies. There's a whole lot of people who don't get a fair share. What we're talking about is those 700,000 workers who frankly should be having better superannuation for the future. 230,000 small businesses. Let me say I think these are very important members of the WA community, and we're sticking up for them.’ **(Kevin Rudd, Doorstop Interview, Perth, 4/5/10)**

I notice today that Mr Abbott has said he will oppose this change to super. Can I say this is not a positive approach to what working families expect right across our nation. Mr Abbott seems to have a habit of opposing nearly everything. He seems to oppose anything that moves. On this decision, what Mr Abbott is doing, is backing the Super Profits of the biggest miners instead of getting behind the decency and security of retirement for working families. Mr Abbott is willing to sacrifice that dignity and security for working families just to make a political point of opposing everything. **(Kevin Rudd, Doorstop, Liverpool Hospital, 4/5/10)**

These reforms will allow all Australians, including working families and small business, to share in the benefits of the resource boom. By taxing the super profits of big mining companies these reforms will...of course, boosting superannuation to help working families and to strengthen the economy. **(Kevin Rudd, Speech, Investment and Financial Services Association Breakfast, Sydney, 4/5/10)**

‘The bottom line is this: Mr Abbott seems to be taking the side of the Super Profit for the biggest mining companies, and, sacrificing the interests of working families and better super and tax reform for small business. I don't think that's the right way to go.’ **(Kevin Rudd, Doorstop Interview, Caboolture, 3/5/10)**

‘Next point - the biggest miners: BHP, 40 per cent foreign owned, Rio Tinto, 70 per cent foreign owned. Most of these Super Profits are going overseas as well, so we're saying to the Australian people, it's time that the people got a fairer share and about a third of this amount goes to superannuation for working families, a third of it goes to tax cuts for small business and businesses in general, and another third goes to investment in our future infrastructure needs.’ **(Kevin Rudd, Interview with Greg Carey, 4BC, 3/4/10)**