



## Transcript

Station: **SKY BUSINESS NEWS** Date: **30/03/2015**  
Program: **TRADING DAY** Time: **10:22 AM**  
Compere: Summary ID: **M00061164818**

Item: **INTERVIEW WITH INNES WILLOX, AI GROUP**

**WILLOX SAYS OVER THE LONGER TERM COMPANY TAX NEEDS TO FALL TO 25% TO BE COMPETITIVE. HE SAYS HE HOPES SOME OF THE OUTCOMES OF TODAY'S ANNOUNCED TAX REFORM REVIEW, IMPLEMENTED. HE SAYS NOTHING IS OFF THE AGENDA IN THIS REVIEW. HE SAYS THE INTERGENERATIONAL REPORT MADE IT CLEAR THE TAX SYSTEM WILL NOT SUPPORT US GOING INTO THE FUTURE.**

**INTERVIEWEES: INNES WILLOX, AI GROUP**

<b>Audience:</b>	Male 16+ 1000	Female 16+ 1000	All people 2000
------------------	------------------	--------------------	--------------------

**COMPERE:** Well, for more, I'm joined now by AI Group chief executive Innes Willox. Innes, great to have your company on the show today on a very important day of course with this tax white paper released. No doubt you would welcome tax reform, but where would you like to see the company tax rate going forward?

**INNES WILLOX:** Well, the company tax rate is now at 30 per cent and we believe over the longer term it's got to get down to 25 per cent to be competitive. You think of regional economies, they have a much lower tax rate, the UK's at about 20 per cent corporate tax rate. So what we've seen since the early nineties is the corporate tax rate creep up as a percentage of our total tax take from about 9 per cent to nearly 20 per cent in that 20 year period. So there needs to be corporate tax reform within Australia. We need to look at a whole range of issues, not just the company tax rate, but around all



**iSENTIA**  
INFLUENCE · INFORM · INSIGHT

the inputs into what companies pay in terms of their taxation, so this review is welcome. It is yet another review; we're not long away from the Henry Tax Review and we'd really like to see some of the outcomes of this review get implementing; that never really happened with Henry unfortunately.

So in some ways we're back to square one, but we do have room to move and the pleasing thing about this paper that's been released today is that nothing is off the agenda and that's a positive start.

COMPERE:

Can we just talk about some of the implications if the company tax rate was decreased - let's say at about 28.5 per cent, because that's where it seems to be consensus. What would it do to productivity and would it help our sort of wages growth, which obviously seems to be pretty stagnant at the moment?

INNES WILLOX:

Well, what it will do is to help drive more funds back into business so that they're able to generate jobs and they're able to generate competitiveness. At the moment we're very highly taxed when it comes to corporate tax rate. We're well above the OECD average; we're well up there. We need to find ways to drive it down to boost productivity and boost competitiveness and tax is holding us back and we've always said you can't tax your way to prosperity and at the moment we have very high tax rates. The intergenerational report that was released just a couple of weeks ago made it very clear that our tax system, as it now stands, is not going to support us



**iSENTIA**

INFLUENCE · INFORM · INSIGHT

going into the future. We need significant tax reform around the way we tax and what we tax.

COMPERE:

What about in terms of the structure - if we were to see the corporate tax rate cut, would we need to see it across the board; could it be applied to some and not others? What's your view on that?

INNES WILLOX:

No, we don't think it should be an opt-in or opt-out or would apply to some or not to others; that's not fair, it's not reasonable and it would just create confusion. We believe - I know the Government will say that they have issues around revenue at the moment and what's happened with the drying up of revenue, particularly around prices of commodities and what that's done to their Budget bottom-line, but if you're applying a two-tiered corporate tax system, say one for large and one for small business, it will just create major structural problems within our tax base and we don't see it as a sensible way to go. We can't see why some companies in a supply chain get taxed at a different rate than others.

The other point, Ingrid, is that about 70 per cent of small businesses aren't incorporated, so they wouldn't benefit from a reduced corporate tax rate. So you've got to keep that in mind. It would only have a minimal impact if we were to do that.

COMPERE:

Right.

INNES WILLOX:

Where you'll get the big impact is if there's a tax cut for all.



**iSENTIA**  
INFLUENCE · INFORM · INSIGHT

COMPERE:

Okay, because you speak to small businesses obviously a lot, I'm just interested anecdotally what they think of a potentially zero per cent tax rate for small business.

INNES WILLOX:

Well, look - well, if it turns out to be zero per cent tax rate for small business well then that's going to be a positive thing, but there's a whole lot of things that go into small businesses; a lot of them are paying PAYE tax or PAYG tax, so they're paying income tax like everyone else, so they won't benefit. There's issues around asset write-off. We believe that rates should be increased from \$1000 to \$6000 to help small business in particular. There's issues around accelerated depreciation; we believe that should be implemented - sped up, particularly for small business. That's how you're going to get real impact.

COMPERE:

Some are saying that accelerated depreciation could actually work in - as an alternative to reducing the corporate rate, but you obviously disagree with that.

INNES WILLOX:

Well, we think there's room for both quite honestly. You'll say, of course, I want to have my cake and eat it too. We think there's room for both if you really want to drive reform and growth. And, look, we think the accelerated depreciation is something that the Government should be looking at, but it shouldn't be looking at one or the other, and a corporate tax rate cut, particularly for larger business is going to drive significant growth within the economy, we believe, and will send a very positive signal.



**iSENTIA**  
INFLUENCE · INFORM · INSIGHT

COMPERE: All right Innes, unfortunately we'll have to leave it there, but thank you so much for joining us today.

INNES WILLOX: Not a problem, it's a good day. Thanks Ingrid.

COMPERE: Innes Willox there, CEO of AI Group.

\* \* END \* \*

TRANSCRIPT PRODUCED BY iSENTIA

[www.isentia.com](http://www.isentia.com)