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TRANSCRIPT ONE

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Compere: JESSICA ROWE & KARL STEFANOVIC
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Item: DISCUSSION ABOUT THE FEDERAL BUDGET.

INTERVIEWEES: ROSS GREENWOOD, FINANCE EDITOR.

HEATHER RIDOUT, AUSTRALIAN INDUSTRY GROUP CHIEF EXECUTIVE.

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ROSS GREENWOOD: Let's have a look at what it means for business because there are changes there and also in superannuation as well. Heather Ridout, as we know, is with us now.

Now, Heather, I mean clearly the big things for business, you'd have to say, out of this budget, are going to be, number one the economy and can it actually maintain it and will, in fact, the Reserve Bank start to increase interest rates. What's your take on that?

HEATHER RIDOUT: Look, I think these tax cuts are quite judicious. I think they won't spook the Reserve Bank. But you know, Ross, the surplus is still quite high, it's well within the target that Ian Macfarlane put to the House of Repts committee or said in his testimony a few months ago, so I think they'll be quite good for business.

We all know, in those interest rate discussions a week or so ago, a lot of businesses are feeling the pinch with consumers pulling in their belts, being much more cautious about spending so this will give some support and they're

really not over the top for the average income earner and I frankly think a lot of them will be saving the money and trying to reduce their debt as well.

ROSS GREENWOOD: Yes, but one of the big things about this is, of course, the take that's come for the budget has largely come from corporate profits yet big corporate Australia today is probably saying, well, there's not much there for us, is that right?

HEATHER RIDOUT: I think these depreciation changes are quite important, \$3.7 billion over four years, very good for our industries, ones that are in the manufacturing sector in particular who are starting to reinvest in new technology to become more competitive. So these are pretty important changes when you put it together. Also Ross, you have to remember that a lot of businesses pay tax at the personal level so these personal tax cuts are helpful, they'll flow right through the business community as well.