



Sky News panel interview: Federal Budget 2025-26

25 March, 2025

The Panel:

Innes Willox, Chief Executive, The Australian Industry Group

Bran Black, Chief Executive, Business Council of Australia

Andrew McKellar, Chief Executive, Australian Chamber of Commerce and Industry

Transcript

Ross Greenwood (Sky News):

Bran Black, I want to start with you and basically go to this budget. Many of your members, bigger companies in Australia, are willingly choosing to invest their capital in America. Where they're getting cheaper energy, they're getting potentially cheaper labour, and they're getting a better return on their shareholders' money in America than in Australia. Should this budget tonight try to address some of those issues?

Bran Black (Business Council of Australia):

Well, I think it's important to look at the context for what we're seeing in the United States.

There are a lot of announcements that are being made, but one thing that is crystal clear is that the administration is intent on driving a much more productivity focused and much more competitiveness focused agenda.

Ross Greenwood (Sky News):

But that's not working. Australia is at the very bottom of competitive tables. You know, our standard of living in Australia over the past 10 years is at the bottom of the OECD tables. You've actually got productivity, which has basically gone backwards – it's now just finally ticked up a little bit, so the government might be focused on that. But is it actually doing anything about it?

Innes Willox (Australian Industry Group):

Well, Ross, the Treasurer just a couple of weeks ago said one of the big tasks that they have is to reinvigorate the private sector, get the private sector moving again,

recognising it is the engine room of the economy. And that is one of the big tests for tonight's budget.

Ross Greenwood (Sky News):

But isn't that a strange thing to say for a government that has centralised, massively hired public servants, put in the Future Made in Australia plan, basically intervened almost at every step, and now all of a sudden it's a free enterprise government? It seems at odds with the whole message over the past two years.

Innes Willox (Australian Industry Group):

Well we're going to find out tonight if they are a free enterprise government or are we going to get more of the same? More government spending, more, bigger government, more government intervention.

Ross Greenwood (Sky News):

What's your bet?

Innes Willox (Australian Industry Group):

Well, we can only hope.

Ross Greenwood (Sky News):

What's your bet?

Innes Willox (Australian Industry Group):

My bet is we're going to be disappointed, right? OK, here we are. Just a couple of weeks out from an election. This is going to be an election budget more than anything else. Get more of the same. More little handouts here and there to try to assuage different constituencies. What we need is serious structural reform, or else we will continue to slip down the competitiveness tables and our standard of living will continue to decline and businesses will continue to fail.

Ross Greenwood (Sky News):

And the truth is Bran, this is not just the Labor Party – it is the Labor Party, but it's also the Coalition who willingly just follow the spending decisions of Anthony Albanese and just simply take them on as their own because they don't want to cause a political wave. And that is part of the fundamental problem in Australia.

Bran Black (Business Council of Australia):

The truth is that we absolutely now on both sides of politics, need to be leaning very heavily into a productivity agenda. We know that Australia is on the path to decline. It's not a question of whether or not, at some point, we will be on the path to decline. We

are. That is a feature of our demographics that comes through when you consider the fact that there are proportionately fewer and fewer people working in the population to pay for more and more people who are retired.

The only way that we can address that is by growing the size of the pie and that means getting very competitive on how we drive more productivity through our economy.

Ross Greenwood (Sky News):

Going back to my point, with more companies investing more money overseas and not in Australia, there are actually fewer businesses that are the powerhouse of it. I want to go to you though Andrew McKellar because many of your members, businesses, are actually based in Australia. They don't have the choice to go overseas. They're kind of stuck here. And at the moment we've got record numbers of businesses going broke – it might be that the economy is bobbling along, but that is basically indictable surely.

Andrew McKellar (Australian Chamber of Commerce and Industry):

Alright, so that's right. I mean, I think from our point of view we have very tapered expectations about what we will see in the budget tonight. We would like to see a hint of strategy, as I think Innes and Bran have suggested.

We do have an eye for the medium to long term, but for small business, small business has been doing it extremely tough. Yes, they may well share in some of the ongoing energy bill relief – that's great – but it's tiny and really it can only have an impact at the edges.

Small business at the moment has been absolutely suffocated by compliance burden and red tape. We've got to do something to address that. We've got to do something to turn around the business investment story, and even something like the instant asset write off, which has been a small but valuable support in the past: the government still has not passed its legislation, its measure from the last budget, let alone to announce that they're going to renew it in this budget.

Ross Greenwood (Sky News):

That's funny. They haven't even actually got it through legislation. It's actually due to expire on June 30 this year.

Andrew McKellar (Australian Chamber of Commerce and Industry):

Absolutely. So I mean that's crazy. I mean that and honestly it is hoped the Government has got to get its act together. If you're going to have policy measures like that, get it in. Get it passed. Give business some certainty. Then you can start to plan. Then you can start to invest. If you can't even do that, then really, that's that you know – you're not even getting off the starting blocks from the point of view of small business.

Ross Greenwood (Sky News):

So, Innes, I want to go back to one point. It seems to me that with the amount of debt and the deficits that are coming, and the government spending right now, Australia is highly vulnerable if the unemployment rate rises from here – it's already seeing lower commodities prices.

I get a sense with those debts and deficits rising, that Australia is significantly vulnerable if there is a global economic downturn and who's to say there's not going to be given the tariff wars taking place?

Innes Willox (Australian Industry Group):

We are at a point of peak vulnerability here and we're at a point where volatility has gone through the roof. Predictability is no longer there. Certainty is no longer there. We have to prepare our economy for rough times ahead and great uncertainty. At the moment, we don't have a budget set up to do that – to prepare for contingencies, to build resilience into our economy, to build fiscal responsibility into our economy, to get a budget that's in some way balanced or brought back to being in a reasonable position, we're not in a position to get the private sector economy moving.

We have huge labour shortages and skill shortages within our economy. We have unknowns around defence and national security spending, as well as everything else the government is trying to do. This is why, as one of the priorities we have to see – having heard that we're now going to go into a decade of deficits – that governments, no matter what their colour, have to start to try to get the budget in order as quickly as possible to allow us to meet the challenges we're going to face and to build the economy we need to have to get through what are going to be some pretty rough times.

Ross Greenwood (Sky News):

OK, so Bran, the government makes more than half of its revenue from PAYG taxpayers.

You know, business obviously is an important element to future tax increases, but if there are tougher economic times in the future and let's say for example, this is the precursor to an election where you might end up with a Labor-Greens, Labor-Teals government in the future, that's not boding well for many – in particular, the big energy companies in Australia.

Bran Black (Business Council of Australia):

Well, business is looking for certainty. That's the point that I would emphasise. That echoes what Innes and Andrew have said as well.

We hear consistently from our Members that what they are hopeful for on the other side of the election is the chance to have confidence that policy settings that are put in place will remain in place, that we will have the opportunity to address some of those

structural challenges, that there will be incentives that are put in place to keep businesses in Australia. One of the things that's often put to me is the question, "Why can't businesses just invest more?" And, "what is business already doing?" My answer to that is that business is already here. Business is investing, but business has other options. And what we're seeing increasingly is that there are other jurisdictions that present a more compelling story and the result of that is that whilst we keep the investment that we have, we know from what I was saying before, it's not sufficient to arrest the trajectory that we're on. Yeah. If we want to change that, we've got to win more.

Ross Greenwood (Sky News):

Well, I'll give you one little example. I think we've got the graphic here. We can show people and that is literally looking at the tax rates of Australia, the corporate tax rate, the top corporate tax rate at 30%, compare it with Singapore at 17%, compare it with Europe at around 21%. Compare it with the United States, all much lower. So you sit there and say, well, OK, if you're investing and doing the right thing and putting that money into Australia, you may look at the tax rate you're paying. Look at what your shareholders then have to suffer.

Bran Black (Business Council of Australia):

Well, if you consider the United States under the previous Trump administration had a company tax rate of 35%, that was reduced to 21% at that point in time, Australia became a net exporter of capital to the United States and we remained in that position for five consecutive years.

The last time before then that we'd been a net exporter of capital for five consecutive years was in 1912, so this stuff matters. It genuinely matters to investment decisions. To your point in terms of company tax rates, we've got the third least competitive company tax rate in the OECD. We are ahead of only Portugal and Colombia.

What that says to me is that every other country has figured out that having a competitive company tax rate affects their ability to win investment.

Ross Greenwood (Sky News):

Now, to be fair, the smaller businesses we're talking about – businesses with revenues under \$50 million – basically have a tax rate of 25%. But even that is not competitive with what's taking place around the world? This is again the flight of capital. The competition for capital and what we're really talking here is whether Australia, known for its competition in sport, is actually competitive when it comes to tax.

Taxes to energy policy, to industrial relations policy, and whether that means that your Members are confident to invest more money.

Andrew McKellar (Australian Chamber of Commerce and Industry):

Right. I think that's the real challenge. So the issue is there for the next government, I mean I know we have to be realistic about what we're going to hear from the major parties over the next couple of months as we lead into a federal election. But, beyond that, we have to take this issue seriously and we do have to be competitive. At 25%, we're not. At 30%, we're certainly not.

Ross Greenwood (Sky News):

That's right. But Andrew. A Greens-Labor coalition. After this next election, that would frighten the tripe out of you surely.

Andrew McKellar (Australian Chamber of Commerce and Industry):

Well, I think the Greens in any form of government would.

Ross Greenwood (Sky News):

That's a prospect?

Andrew McKellar (Australian Chamber of Commerce and Industry):

Look, if we get into that situation, let's cross that bridge when we get to it. Honestly, if we get to that situation, it probably is going to be a case of tear it up and start again.

Because Innes, that's the whole point about energy policy there, isn't it?

Innes Willox (Australian Industry Group):

Well, exactly. We're not competitive on tax. As you've mentioned, we're not competitive on regulation. We're not competitive across a whole range of areas, and now we have a sort of millstone around our neck when it comes to energy, which used to be a competitive advantage. Now we don't – we put all the eggs in the hydrogen basket two years ago and that has now sort of dissipated. We've now gone to the wind. We have enormous options when it comes to energy.

We need to build – we need to construct and we need to get on with it, and there's no sign yet that we're doing that in any way that is going to assist us. You're not going to have a strong, sustainable economy until you get energy policy right. That is the core fundamental and we're failing.

Ross Greenwood (Sky News):

Well, we shall see whether there is a brave new world and a brave treasurer in the budget.

00:11:18 Ross Greenwood (Sky News)

Good evening Innes Willox, Bran Black, Andrew McKellar. Many thanks for your time.