

BUSINESS RATE COMING DOWN

NEGATIVE GEARING

Most pressing issues left untouched

Playing at the periphery, nothing nipped in the bud, writes **Ben Schneiders**.

VICTORIAN manufacturer Philip Endersbee was underwhelmed by the changes endorsed by the Rudd Government, and much of the Henry review itself, saying it left untouched the most pressing issues facing Australia.

"We're constantly playing at the periphery and we don't nip the real things in the bud," he said.

Mr Endersbee, managing director of high-end outdoor clothing firm Wilderness Wear, is something of a rarity.

While much of local clothing manufacturing has gone offshore in recent decades his firm still manufactures entirely here with a site in Preston. It also exports to Japan, Korea, Taiwan and the US with moves to sell in China.

Reducing the company tax rate from 30 per cent to 28 per cent would make little difference, he said yesterday, while a resources industry super-profits tax looked like short-term thinking now the sector was booming again.

"This is classic government: 18 months ago we were going through the stage where people were moving from the mining areas ... [and] going back home," he said.

Mr Endersbee said important issues such as negative gearing on housing were left untouched as were other problems facing Australia, such as the role of state governments — which he said were enormously costly and should be abolished — and areas such as water policy.

"When was the last time we built a dam in Victoria? Twenty-plus years ago; all we seem to be doing is privatising utilities."

He said if the Government was to consider a worthwhile change to company tax it should have looked at Dr Henry's recommendation for a 25 per cent target. Rather, reducing it to 28 per cent by 2014-15 would do little and could just make it harder to fund important services such as health.

He said Dr Henry's recommendation for means testing the family home, which the government rejected, was tokenism and was only trying to appeal to people who did not own a home. "What we should be scrapping, as far as I'm concerned, is negative gearing on domestic properties."

Mr Endersbee said negative gearing on housing was allowing people to accumulate houses while there was a shortage for others.

He said while he supported the move for



Phil Endersbee: Negative gearing on houses should have been abolished.

PICTURE: JAMES BODDINGTON

12 per cent superannuation by 2020, governments always gave the impression that they paid for it — not employers. Mr Endersbee said employees tended to not look at superannuation as part of their salary and would still demand pay rises to keep pace with the cost of living.

He said while Ken Henry appeared to

want to have more of a "red-hot go" the "government will just pick on the things that sound big but are actually small and huff and puff and put their chests out".

Mr Endersbee said nothing had been done to ensure that Australia knew "how to make stuff" and did not become overly reliant on providing services.