

Opening Statement

Geoff Wilson AO

Chairman and Chief Investment Officer

Wilson Asset Management

Dear Chair, Senators, thank you for the opportunity to appear today.

My name is Geoff Wilson, Founder and Chairman of Wilson Asset Management. We manage approximately \$6 billion on behalf of more than 130,000 Australians whose savings are invested in productive Australian and international businesses.

For more than 45 years, I have invested alongside entrepreneurs, family businesses and listed companies that create jobs, innovation and economic growth.

Markets respond to incentives. When direct investment in shares and capital growth becomes more costly, capital does not disappear, it moves elsewhere, often into vehicles such as ours. Wilson Asset Management will benefit from that movement of capital if this legislation passes in its current form.

We could simply stay silent and benefit from these changes. Instead, we are here because we believe these proposed changes are not in Australia's long-term national interest.

I appear today not simply on behalf of Wilson Asset Management, but on behalf of the more than 130,000 Australians we represent, and the millions of Australians who aspire to build a business, invest for their future, save for a home and create opportunities for the next generation.

Australia's prosperity has always depended on a simple idea: that if people work hard, save carefully and take considered risks with their capital, they can build a better future for themselves and their families. We believe this legislation weakens that social contract.

The Government has framed these reforms as a 'housing measure' and a matter of 'intergenerational fairness'. Respectfully, the legislation reaches far beyond housing. It affects shares, private businesses and every other asset class in which Australians have invested their savings and built their retirements.

To be clear, Wilson Asset Management has no objection to the tax reform of unproductive assets such as housing. We object to the taxation of productive capital in a manner that discourages investment, entrepreneurship and economic growth.

Our concern is with reforms that weaken Australia's long-term productive capacity. The technical design of these reforms also creates unintended inequities for Australians who invest directly in Australian companies.

The legislation before this Committee represents one of the most significant changes to Australia's capital gains tax system in a generation.

It also represents one of the most significant policy decisions affecting investment in productive Australian businesses in a generation. It will change behaviour. It will discourage risk-taking. And it will reduce the capital available to the businesses that create jobs, innovation and economic growth.

Changes of this magnitude should strengthen productivity, increase business investment and improve Australia's long-term economic competitiveness.

If we make productive investment less attractive, we should not be surprised if we get less of it. The economic consequences of these changes are straightforward. When you tax the returns on risk-bearing capital more heavily, fewer people take risk. Fewer risks taken means fewer companies built, fewer jobs created and a smaller productive economy.

Capital is mobile. If Australia becomes a less attractive place to invest, capital will flow elsewhere. Australia needs more entrepreneurship and more innovation, not less.



Australia is a country built on aspiration, and on the belief that those who work hard, save carefully and take considered risks with their capital will be rewarded. We believe this legislation places that aspiration under direct threat.

Good tax reform should reward aspiration and strengthen our economy for future generations. Australians deserve a tax system that rewards people who have a go, not one that discourages them from trying.

Thank you, and I look forward to your questions.