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Dr Craig Emerson with Kieran Gilbert and Senator George Brandis

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GILBERT: Craig Emerson do you concur with that analysis of particularly the Prime Minister's own approval rating dropping again?

EMERSON: Well I don't think that it's that productive to go picking through the entrails of opinion polls which will come out every second Tuesday between now and the Federal election. Obviously there's some response to a new Liberal leader but over time I think that the people will come to realise these things about Tony Abbott, that he's a risk. He's a risk because he's already cut one billion dollars out of public hospitals when he was the Health Minister, and he said that he's completely opposed to the school building program. Building Our Schools is described as a very low grade spend.

GILBERT: Let's go to Tony Abbott and his characteristics a little later, I want to ask you about the reasons though and I know you don't want to over analyse the polls but I mean it does coincide with the collapse of the Copenhagen talks - it was a very weak outcome there - so it's not just about the new leader is it? There are other contributing factors.

EMERSON: Well we've always thought, and still believe, that the next election will be tightly fought. Most Federal elections are tightly fought and what we want to enter is a contest of ideas. We have

ideas for the future. We've already implemented a large number of policies in the just two years that we've been in government and we've got a plan for the future. But what's Tony Abbott's plan for the future? A risk, and also he's extreme, I mean he wants to bring back WorkChoices. This is the guy...

BRANDIS: No he doesn't...

EMERSON: Yes he does. He said...

BRANDIS: He's ruled it out. Craig you can make this stuff up as you go along. But you are making this up...

EMERSON: I'm quoting Tony Abbott. I'm quoting Tony Abbott. He said the name Work Choices is finished and climate change is crap. Now that is an extreme view on both industrial relations and climate change.

GILBERT: George Brandis I want to ask you about the proposition that Craig Emerson made just then about all elections, particularly if you look back at '84, '98, those couple of first term governments, they were close shaves both those elections...

BRANDIS: Yes they were...

GILBERT: Is this a reflection that you've finally got your act together, your side of politics after the shenanigans of last year?

BRANDIS: Look, I think you can overdo these historical analogies, this election is not going to be like 1984, and it's not going to be like 1998, every Australian election is different from every other Australian election. But, I think it's right to say that this election will be very competitive, people tend to forget because there was quite a landslide in 2007, there was a landslide of a very high base, people tend to forget that this government holds government very narrowly in absolute and in seat terms. The Government has made itself I think very unpopular, particularly in regional Australia. Very unpopular indeed...

GILBERT: Do you think your base is happy that you've got your act together, because as you know it was all over the shop last year.

BRANDIS: I think the election of Abbott did galvanise the base, I think we can certainly say that and I think if you look at the last two years since the Liberal Party has been in opposition, in the first period when Dr Nelson was the leader, that was a settling down period, the Government was in a honeymoon phase, we were never going to look good then and we didn't. The early part of Malcolm Turnbull's leadership I think we made up quite a lot of ground, right up to last year's budget but unfortunately in the second half of last year we tended to make ourselves the issue, first with the 'Utegate' affair miscarrying and then with the internal squabble which became a very public squabble about climate change. That's yesterday's news, the one thing about Abbott that Abbott has been able to do, and those of us who have known him and have worked with him for a long time are not at all surprised. He's tightened up the message and put the focus back on the Government which is where it should be.

GILBERT: Let's pause now; we'll be back straight after a very quick break here on AM Agenda, thanks.

[BREAK]

Welcome back to AM Agenda. With me, the Small Business Minister Craig Emerson and the Shadow Attorney General Senator George Brandis. Senator Brandis I want to ask you now about the climate change policy. Tony Abbott is going to be announcing his much anticipated Coalition alternative today. How important is it for this policy to show that it can achieve up around the 20, 25 per cent cuts in emissions that you have committed to?

BRANDIS: Well, Tony Abbott will be launching later this morning a policy on behalf of the Coalition for direct action to deal with climate change, it was discussed in the shadow cabinet last Friday, it has been prepared over the summer in particular by Greg Hunt, who is I think plainly the Parliament's leading intellectual on the subject of climate change, and I'll let the document speak for itself but I found it a very impressive document and I think it'll speak with a lot of authority.

GILBERT: You did commit to 5 to 25 per cent target range, so there are a few things...

BRANDIS: I'm not going to talk about the details of a document that is yet to be released...

- GILBERT:** But you're confident it can honour the commitment you've made?
- BRANDIS:** I'm confident that it will honour the commitments it makes and in particular, unlike the failed ETS, will not land Australian families with a great big new tax on everything.
- GILBERT:** Craig Emerson, the Government's going back to the drawing board today reintroducing the ETS this morning to the Parliament, what's the point? You know you're not going to get it through. Is it just politics?
- EMERSON:** The point is that the ETS as a reduction scheme is the most efficient and effective way of reducing emissions...
- GILBERT:** But you're not going to get it through, you don't have the support do you?
- EMERSON:** By putting a cap, put a cap on emissions and then have the polluters pay...
- BRANDIS:** Craig you've already lost that argument...
- EMERSON:** Now under George's proposal and Tony Abbott's proposal they won't have a cap on emissions, they won't have a cap on emissions and it won't be the polluters who pay. It'll either be the tax-payers through increased taxes, now Tony Abbott said "Oh no..."
- BRANDIS:** There won't be increased taxes, there will only be increased taxes under your model...
- EMERSON:** That's right "That's not going to happen" or reduced services, or reduced services, or reduced services. So there's only two ways of doing it, increased taxes on everyday Australians or reduced services for everyday Australians. That is the only other way.
- GILBERT:** You say that, you haven't seen what they've come up with.
- EMERSON:** It's just logical. It's logical Kieran. If you're not going to make the polluters pay then everyday Australians pay, either through

increased taxes, or reduced services. Now we know Tony Abbott wants to cut, or in fact abolish, the school modernisation program, that won't give him on-going funding though to fund this so-called scheme that doesn't even have an overall cap on emissions.

GILBERT: But the point is that you've yet to convince enough people in the upper house of the merits of your scheme, you've started talks with the Greens but even then that won't be enough to get your scheme through so you've made a lot of commitments internationally as well, but without a scheme to reduce emissions, what can you do?

EMERSON: Well we'll press ahead,. This is a scheme, in design, that was supported by John Howard, was supported by Malcolm Turnbull. Now they've come on with this opportunistic position which you'll hear from Tony Abbott all the time. Whatever the Government proposes the Coalition will oppose. That's his strategy. It doesn't matter what we put up he will be against it. We are serious about climate change.

BRANDIS: Craig you must be one of the last people in the country to have woken up to the fact or not to have woken up to the fact that the debate has moved on. You're...

EMERSON: Well we'll find out from Sue Boyce and Judith Troeth...

BRANDIS: The debate has moved on Craig...

EMERSON: And brother, you are supporting it, you are supporting it.

BRANDIS: Rudd and yourself and all of the Rudd Government were saying we have to get this through before the Copenhagen climate change conference and the Opposition said this should not be dealt with before Copenhagen, we want to see whether Copenhagen is a success or less than a success, in fact it was a fiasco...

EMERSON: And Tony Abbott said to take it before Copenhagen.

BRANDIS: On any view it was a bad decision to try and force this on the Parliament before the Copenhagen climate change conference.

We now know the climate change conference in Copenhagen was a failure, it was a shemozzle, it was a fiasco, you should be going back to the drawing board rather than trying to revive a dead scheme.

EMERSON: Now this is from a leader who says climate change is crap. He says climate change is crap. You know that Tony Abbott has no commitment to reducing emissions. He going to come up with some opportunistic plan which involves no one paying anything but certainly involves polluters paying nothing. Now I reckon it's fair that polluters pay to reduce carbon emissions - not everyday Australians having to pay for it. That's Tony Abbott's plan.

GILBERT: Let's just move on, there's another big issue around today for those families that you refer to, a lot of Australians taking up the First Home Buyer's Grant in recent months, we're expecting the RBA to lift rates again today and indeed a number of times throughout the year I think the markets are pricing in a hundred basis points throughout the year. That's politically; I suppose the irony, the ironic flipside of the Government's economic success through the downturn, is those rate rises. They're going to bite.

EMERSON: Well we understand the impact of any increases in interest rates on households, on household budgets. We want the banks to follow the lead of the National Australia Bank which says it will only adjust its interest rates by no more than any change in the cash rate. I don't know what's going to happen with the cash rate but you're right, it is a product to a real extent of the fact that the Australian economy is recovering ahead of other economies. Interest rates were reduced to what the Reserve Bank Governor described as "emergency lows", as the economy strengthens with 112,000 new jobs in the last year. Australia is emerging from an economic slowdown, we avoided a recession unlike every other developed country...

BRANDIS: I wonder why that is Craig...

EMERSON: Well it was because of Kevin Rudd and Wayne Swan's economic management.

BRANDIS: (Laughs) The depth of a recession hit when Lehman Brothers collapsed eleven months after you were elected. Do you think it was the eleven months of the Rudd Government that put the Australian economy in such a strong position? Or the eleven

years of the Howard and Costello Government that gave Australia the strongest balance sheet in the world

EMERSON: In your plan George...

BRANDIS: Can I finish without being interrupted please? Can I...

GILBERT: Let's hear Senator Brandis.

BRANDIS: In eleven months into your government this when the world economy hit the wall with the collapse of Lehman Brothers, you had barely been in government for less than a year, the Australian economy was in a very strong position, having been set up by more than a decade of strong Coalition fiscal management. You go into last year and you over-stimulate the economy...

EMERSON: Over-stimulate the economy?

BRANDIS: You over-stimulate the economy because you spent, you wasted billions and billions and billions of dollars on dead people, on people living overseas, people spending money on plasma televisions and appliances that were manufactured overseas, you wasted billions of dollars.

EMERSON: The 200,000 people whose jobs were saved, and the small businesses whose prosperity was saved, whose businesses were saved, would not agree with you, George, that the Rudd Government over-stimulated the economy. But here is an insight into the future; withdraw the stimulus, abandon the school building program, that will be the prescription because they don't believe in the economic stimulus, you just heard George Brandis say it was over-stimulated.

BRANDIS: Too much money was wasted...

GILBERT: Gentlemen let me intervene, let me interrupt please. We've got to pause there because we will have this debate many times throughout the year on the economy. I want to ask you Senator Brandis, you said last week about Julia Gillard, we've only got a couple of minutes left but I want do want to get your thoughts, you said she doesn't understand the way parents think about

children when they reach a particular age, that was in response to the whole 'virginity debate'. Do you regret that statement?

BRANDIS: Not at all, and what I said is that Julia Gillard's attack on Tony Abbott for being forthright and answering a question put to him by Women's Weekly about the advice he would give his daughters I thought was really out of line and showed a lack of understanding of the way parents think.

GILBERT: But did it show a lack of understanding for women who don't have children?

BRANDIS: No, I said in response to the question I was asked that everybody respects Julia Gillard's right not to be a parent, there's no issue about that and people shouldn't make an issue of it.

EMERSON: (Laughs) But you did.

BRANDIS: No I didn't.

EMERSON: Yes you did. In a premeditated attack.

BRANDIS: No I didn't. What I said, and the hundreds of parents who've contacted me by email and phone have almost all agreed with me that her attack on Tony Abbott's prudent advice, the prudent advice he would give to his daughters is what most parents would say. And her failure to understand that was revealing.

GILBERT: Twenty seconds. I'm sorry we've almost run out of time.

EMERSON: No problem. It's a premeditated attack, it's happened before, I suspect it'll happen again, it was a personal attack on Julia Gillard, now let's leave it there, I don't think it bothers her in the slightest.

GILBERT: Senator Brandis, Craig Emerson, we'll chat many times throughout this election year and it should be interesting with Parliament back today. Thanks guys.

EMERSON: Thanks a lot.

BRANDIS: Thank you Kieran.

END.