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MINISTER ASSISTING THE MINISTER FOR FINANCE ON  
DEREGULATION

**A.M. AGENDA**

Kieran Gilbert and Senator Helen Coonan  
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**SUBJECTS:** *Closer economic ties with New Zealand, stimulus package.*

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GILBERT: Good morning and welcome to our panel now, the Minister for Small Business Craig Emerson and Shadow Minister for Finance Helen Coonan, great to see you both.

COONAN: Thank you, thank you.

EMERSON: Yeah, thanks for having us on.

GILBERT: First of all I want to ask you Craig about John Key, he's very keen to get that single economic market up and running, including the idea of flights between the two countries to be treated as domestic flights. Does that have the win-win both ways do you think?

EMERSON: Well as a concept, closer economic relations is a good one. In the spirit of bipartisanship it was actually initiated way back by the Fraser Government, carried further by the Hawke Government, Keating Government then Howard Government. What that tells us is that both political parties are committed to a strong relationship here. I won't get into the particularities of aviation. Kevin Rudd and John are meeting today and they'll be working on the detail but certainly....

GILBERT: Sounds like they are pretty close to a deal on that front though.

EMERSON: Well I certainly can say that in the current global economic environment in particular, two markets are better than one. If we can integrate those markets more closely then that gives both New Zealand businesses and Australian businesses a competitive edge and we need to do everything we can to gain and sustain that competitive edge.

GILBERT: Helen Coonan do you agree with that? I suppose the other elements to it are synchronised tax systems and so on to allow business to trade, deal more easily across the Tasman.

COONAN: Well look, yes I mean I agree that the closer economic relationship has been I think of great benefit to both Australia and New Zealand. From an Australian perspective we're very fond of our cousins across the ditch but just from a business perspective, from a government perspective, having a better aligned system of regulation, banking, all of the other indicia of how you actually conduct business with each other and relate to each other, I think are underscored by the closer economic relationship and I think it can only really go further. I think it's very interesting when you look at something say like climate change, I think John Key has underscored the very point we've been making that whilst we're absolutely committed to a comprehensive response to climate change, we think that aligning with other countries is absolutely critical. You need to know what everyone else is doing to have a sensible workable system and it's interesting that John Key seems to be of that view.

GILBERT: And he wants to get things aligned with what this Government's doing as well to work more closely on that front, it makes sense.

EMERSON: Well working closely on all fronts makes sense. As Small Business Minister, I see John was talking about cutting red tape. New Zealand is part of the Small Business Ministerial Council and I think there's a lot of potential there to harmonise business regulations wherever we can.

GILBERT: But you know, he's got a good rap for that from various quarters, John Key for his fiscal stimulus which is much more restrained than your Government's. He's talking about less red tape, better regulation for business and tax cuts, like the Coalition are implementing. So it's a very different approach to yours.

EMERSON: Well I don't think so. In fact watching the interview...

GILBERT: There's no cash splash is there?

EMERSON: Well he said that he didn't want to really buy into the various merits of the fiscal stimulus packages, but seemed to be saying pretty positive things about ours. An authoritative source as well on our fiscal stimulus packages is the Federal Treasury, which has compared it very favourably with Barack Obama's, in terms of 70 per cent of it going into investment, being very well timed rather than delayed. So I'll take the advice of Treasury there I think it's...

GILBERT: They probably wrote it didn't they?

EMERSON: Well I reckon if they are part of the authorship team then of course they'd have some pride in it but Treasury's got a lot of integrity too.

GILBERT: Absolutely.

EMERSON: And they've done the analysis and the analysis is very favourable.

GILBERT: Helen Coonan you've read that report today as well. So that looks good?

COONAN: Yes of course I've read it. I'm not arguing with Treasury. But what I do think that the critical thing is here that we have to bear in mind is in the end is all about jobs isn't it and so far we know that unemployment is simply trending upwards. We'll know, we'll have a better indication on Wednesday when the national accounts come out as to just how the combination of the stimulus packages are working but John Key pointed out quite rightly in my view, that you've got to be very careful and this has been our point all along that you don't end up with something that's not well targeted, in other words it doesn't give you the outcome you're seeking and you've then got generational debt. You know, huge debt on future generations to have to repay it. So we think in all the circumstances the proof of the pudding's going to be what really ultimately happens with jobs and so far we know that these packages haven't stopped jobs being lost and that unemployment is trending upwards.

GILBERT: What about the Woolworths announcement on Friday? Your side of politics hasn't been talked about that much.

EMERSON: You're supposed to smile when there's good news Helen.

COONAN: Well, well I'm certainly happy always when there's good news, but I mean I don't think in fairness you can take you know the job losses in one particular company, offset it against job gains in some other company. You have to look at the overall trends and we know that this country is heading to very significant unemployment figures another 300,000 I think by June. We're looking at 7 per cent at least unemployment.

EMERSON: Well these figures are contained in the official forecast, that's why Helen knows of them and we've not suggested otherwise. The Mid-Year Economic and Fiscal Outlook forecast an increase in unemployment which is the very argument, the very argument for a fiscal stimulus package which Treasury actually indicates is very well targeted.

GILBERT: Do you think that your Government should be a little less blunt about circumstances and in fact in some cases pessimistic as we saw Kim Carr last week. Isn't sentiment important at the moment?

EMERSON: Well realism is important. We need to achieve this balance between being honest and up front with the Australian people.

GILBERT: Have you achieved it, do you think, have you achieved it right throughout this?

EMERSON: Well I think overall we have said, I have said on many occasions, that the forces that are arranged against Australia from overseas as a result from the global financial crisis that's created now a global recession, are enormous. That doesn't mean that we should do nothing, which is what the Coalition has suggested on Tuesdays, Thursdays and Saturdays. It has a different policy on Mondays, Wednesdays and Fridays. But it says sit and wait and we're not going to sit and wait.

GILBERT: But your Government seems to be set to set expectations so low that when it's better you get a nice rap for you.

EMERSON: No we're telling it as it is, but we are saying that we will do what is in the power of the Government of a small trading nation bobbing up and down like a cork in a sea of economic turmoil. That's the reality but it doesn't excuse a Government for doing nothing, which is the Coalition's policy here. Just on the national accounts, they're coming...

COONAN: Well that is just nonsense. That is seriously nonsense. That is seriously nonsense.

EMERSON: Well as I say Mondays, Wednesdays and Fridays differs from Tuesdays, Thursdays and Saturdays, when you're saying there should be a fiscal stimulus package but it should be half the size of ours.

GILBERT: Helen Coonan response. Helen Coonan's response now.

COONAN: Look we've had a very consistent position on this.

EMERSON: Every Monday, Thursday and Saturday.

COONAN: And what we have said very consistently is that we think that the actual splash, cash splash and the target packages have simply been very poorly targeted to actually deliver what we really need which of course is to encourage job creation and job maintenance. Much more for business. Much more for small business, I'm very surprised that Craig sits here as the Minister for Small Business and his Government has now been the architect of I think \$80 billion of money splashed around all over the place, very little for small business, which is the real engine room of the country...

EMERSON: That's completely wrong. That's completely wrong.

COONAN: And the real way in which jobs are created and maintained. So I think it is very important also to understand what's going on with this Government. That they are trying to inoculate us all with everybody talking it all down and saying it's going to getting very bad, we're going to have other very bad days like this. Kim Carr saying that no-one's job is safe.

EMERSON: And Malcolm Turnbull saying it's the greatest downturn since the Great Depression.

COONAN: We think it's very important be to optimistic about what you can do in very bad times, I mean that's what governments are here for.

GILBERT: Okay alright.

EMERSON: I just want to make this point about small business. When Helen stops. When Helen takes a breath.

COONAN: And we think that the critical thing is that hey you target the packages is really what it's all about and not to have this huge generational debt.

EMERSON: On small business, a \$42 billion fiscal stimulus package is otherwise well known as a tradies package. It will be tradespeople who are doing this work on schools. It will be tradespeople who are building the public housing.

COONAN: Yeah but not for years.

EMERSON: And there is a small business tax break. It's happening now Helen, if you check around in your own electorate or in your own state, it's happening now.

COONAN: No it isn't, we tried to find what was shovel ready we couldn't find anything there was about.

EMERSON: Schools, every school, every state has a backlog of maintenance for schools ready to go. In my electorate it's ready to go. You're saying it's off on the never-never. That is completely wrong.

GILBERT: Can the states, can the states deliver that tough?

COONAN: What I'm saying is that the...

GILBERT: Are you confident the states will be able to get that up and running and be, are you confident in the state governments?

EMERSON: I am because, yeah I am because I know as a local member that state governments have a backlog of maintenance of schools and it will be tradies...

GILBERT: What about the states themselves, can they, are they efficient enough to get this.

COONAN: Well they haven't been to date have they?

EMERSON: They are, and that's why Kevin Rudd has appointed a coordinator general at the Commonwealth level and for each of the states to make sure that all happens now. To say that school maintenance is not shovel ready is absurd. This is good for small business. The small business tax break, 30 per cent conveniently ignored by, conveniently ignored by Helen and criticised by the Coalition.

COONAN: That's a very small, tiny percentage of the whole package and the big infrastructure spend is not going to be at least until the next financial year if it happens as contended for.

GILBERT: Okay, this, unfortunately we're out of time. We probably could've gone for another half an hour.

EMERSON: We could have indeed.

COONAN: At least.

GILBERT: Great to see you both as always Craig Emerson and Senator Helen Coonan.

COONAN: Thank you Craig, thanks, thanks Kieran.

EMERSON: Thanks Helen, thanks mate.

GILBERT: That's all for this addition of AM Agenda. Don't forget to join Ashley Gillen this afternoon at 4:15 eastern time for PM Agenda. I'm Kieran Gilbert thanks for your company.

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