



THE HON DR CRAIG EMERSON MP
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS
MINISTER ASSISTING THE MINISTER FOR FINANCE ON
DEREGULATION

Transcript
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Kieran Gilbert interviews Dr Craig Emerson and Senator George Brandis

E&OE

Subjects: Parental leave, Indonesian President's visit, people smuggling, defence spending.

GILBERT: Good morning and welcome to AM Agenda. In this election year the first battle for the working family vote has begun. Tony Abbott once said that paid maternity leave would be introduced over his dead body. Well not anymore.

[Start of excerpt]

ABBOTT: I have changed my mind on this. I, as you know, am a pretty conservative bloke, but if we are going to have a fair go for families, we've got to make it possible to combine motherhood and having a job.

[End of excerpt]

GILBERT: Tony Abbott there this morning on Radio 2GB talking to Alan Jones. Joining me now on AM Agenda, our regular Tuesday morning panel, the Small Business Minister Craig Emerson and the Shadow Attorney-General Senator George Brandis. Gentlemen, good morning.

BRANDIS: Good morning Kieran, morning Craig.

EMERSON: G'day. Hello George. Thanks for having us on the show again.

GILBERT: An absolute pleasure Craig. The parental leave issue. Looks like Tony Abbott's trying to outflank you, and he's doing a pretty good job because it's six months full pay. It's seen you and raised you.

EMERSON: Well it's seen the corporate world and raised it too; raised taxes on companies, which he said only a month ago he would not do. Tony Abbott said a month ago that there would be no new taxes and no increases in taxes, his words, not mine.

GILBERT: But it's a vote winner.

EMERSON: Now he comes out and says....

GILBERT: Working families vote.

EMERSON: ...well I've changed my mind. Now it's one thing to change your mind compared with say 2002 to 2010. This guy changes his mind as often as he changes his undies or his budgie smugglers. I mean honestly, the guy changes his mind within a period of a month, so what reliance can the Australian people have on his word going into an election when he says this is my latest position on a particular issue but I might change my mind and have another position after the election?

GILBERT: Why can't you change your mind in politics?

EMERSON: You can.

GILBERT: If you're talking about the substantial change here, it's on the policy, and he changed it years ago and it was in his book, his advocating this.

EMERSON: And I'm not talking about the substantial issue. I'm not going to; others might argue that he can't change his mind between 2002 and 2010, that's not my argument. Others may make that argument and they're entitled to. My argument is this - that only a month ago, particularly when Barnaby Joyce was on another television program saying well we might look at tax increases to fund some of these thought bubbles that were coming out of the coalition - Tony Abbott explicitly ruled it out. Now he's not only repudiated Barnaby Joyce, he's repudiated himself. This is the same guy who said that he would never touch the Medicare safety net. He said it's a solid gold - a rock solid rolled gold promise and after that election they changed the Medicare safety net. You can't rely on the guy.

BRANDIS: Can I...

GILBERT: Can I - yeah, I want to get your thoughts on all of that...

EMERSON: Yeah, go George.

[Laughter]

GILBERT: It's your time to return serve.

EMERSON: I reckon George might disagree on it.

BRANDIS: And - but might I remind you that you're the party that gave a rock solid rolled gold promise at the last election that you wouldn't interfere with the Medicare rebates, so let's not go there Craig. Now look, let's get a couple of things straight Kieran, first

of all the Liberal Party always has been, always will be a party of lower taxes than the Labor Party. During the last period of...

EMERSON: Not true.

BRANDIS: ...during the last period of Liberal Government we lowered the rate of personal tax in seven consecutive budgets. That's the first point. Secondly, Craig is quite wrong when he says that this is something that Tony Abbott has just - has changed his position on in the last month. If you look at his book *Battlelines*, page 102 Craig, I'll lend it to you after the show, he specifically says that it's fair that the cost of maternity leave ought to be borne by business and the art here was to devise a system whereby small business was not affected and its cash flow wasn't affected and the way in which he's done that, we've - decided to do that, is by imposing the levy only on big business, so...

GILBERT: So why did he say there'd be no new taxes then last month?

BRANDIS: Well the Liberal Party will not be proposing new taxes; this will be a levy on businesses...

GILBERT: [Laughs].

EMERSON: A levy, not a tax.

BRANDIS: ...will be - this will be a levy on businesses with a taxable income of more than \$5 million a year so it's...

GILBERT: So it's a tax thought. I mean a levy, a tax, whatever you describe it as.

BRANDIS: Well you could have - look...

EMERSON: A surcharge?

BRANDIS: You can have a semantic argument about that and I don't want to go there. I want to deal with the substance of the policy. It's a very attractive policy. It's much more attractive than what the Labor Party's offered. It is, as Tony said yesterday, real money, and real time. Six months, not 18 weeks and maintaining the income of mothers who decide to take advantage of this policy at the rate at which they would have been in the workforce. Now...

GILBERT: Let's discuss the merits of that...

BRANDIS: Yeah.

GILBERT: ...in a moment. I just want to ask you about the philosophy though behind it. Because as a Liberal Party...

BRANDIS: Yes.

GILBERT: ...you know, business is your core constituency and we've seen over the last decade or more a gradual lowering of the company tax rate, it's now at 30 per cent and that was a by...

BRANDIS: As a result of Liberal governments.

GILBERT: And Labor governments, but it was a bipartisan position.

BRANDIS: Yes.

GILBERT: So why now are you throwing this anti sort of competitive levy, surcharge, whatever...

BRANDIS: Becau...

GILBERT: ...on business?

BRANDIS: Well I wouldn't say it's anti-competitive. It is a levy or a surcharge, but - and it's not - wouldn't have been our first preference if the Rudd Government over the last two and a half years hadn't blown the budget and taken us deeply into debt, then it wouldn't have been necessary to find an off budget source to fund this promise.

But the promise is important. The money has to come from somewhere. And by the way Kieran, you said the Liberal Party's always been the party of business; it's certainly always been the party of small business, but it's never been the party of the big end of town. Big business has no natural political home. It deals with Labor governments, it deals with Liberal governments, and the - and this proposal quarantines entirely small business so we're asking big business who can afford to pay, to pay.

GILBERT: Craig and the other thing is...

EMERSON: I have read this by the way.

GILBERT: ...that taking...

BRANDIS: Good on you.

GILBERT: It's a good read.

EMERSON: And he has changed his mind.

BRANDIS: Good on you.

EMERSON: He has changed his mind...

GILBERT: Craig.

EMERSON: ...he said there'd be a levy on small business in this...

GILBERT: Craig.

EMERSON: ...and he's changed his mind.

BRANDIS: And well...

GILBERT: Can I just...

EMERSON: Fine, but you said he hasn't changed his mind.

GILBERT: Gentlemen, gentlemen, please...

BRANDIS: But the policy can be refined, what's wrong with developing a policy?

EMERSON: Changed.

GILBERT: Okay, let me ask you about the point that George made about big business.

EMERSON: Yeah, well it doesn't sound like the Coalition's very friendly at all towards big business. I regard that as a statement of hostility...

GILBERT: Okay well...

BRANDIS: You be the party at the big end of town Craig...

GILBERT: Okay...

EMERSON: We're governing for all of...

BRANDIS: You'll be good at that. You'll be good at that.

GILBERT: [Laughs].

EMERSON: We're governing for all Australia George, but we don't make hostile remarks.

BRANDIS: We'll look after families you look after...

EMERSON: We don't make hostile remarks about large corporations, which you derogatorily describe as the big end of town.

GILBERT: You two have certainly had your Fruit Loops this morning.

BRANDIS: Craig, Craig...

EMERSON: He had a little bit of extra sugar on his.

GILBERT: [Laughs].

BRANDIS: We will look after families, you can look after Collins Street and Pitt Street...

GILBERT: Okay...

EMERSON: Now can I go to...

BRANDIS: ...but we'll look after families.

EMERSON: ...one point, this is a really important point.

GILBERT: Let me get you to answer that first. I want a - I want you to focus the drill down on that issue, that big business, by and large, it's not going to bring you a lot of votes, they're targeting working families. That was the battle ground where you effectively won the last election...

EMERSON: Well we'll certainly...

GILBERT: ...and this - they've outflanked you on this.

EMERSON: No that's not right.

GILBERT: This is a very attractive policy that - well you're saying that a mother who's at work and she's going to be get...receive full pay out for six months is not better than minimum pay?

EMERSON: No, no, I'm just saying that the idea that the Coalition is the party of working families, when we know that they'll bring back WorkChoices. It's their beloved WorkChoices.

BRANDIS: We won't bring back WorkChoices. No, don't make it up as you go along.

EMERSON: All of the three elements, the core elements...

BRANDIS: We've give you an undertaking - we've given the public an under...

EMERSON: Yeah, to change the name.

GILBERT: Let's just have the response.

EMERSON: To change the name, that's what you've said. Gee, that will be a great comfort to working Australians, you'll get WorkChoices back...

BRANDIS: WorkChoices is dead Craig.

EMERSON: ...but they're going to call it something - some other - something else.

BRANDIS: What - Craig, whenever you get in trouble you default to WorkChoices.

GILBERT: Let's just hear Craig first.

BRANDIS: WorkChoices is dead, okay?

EMERSON: The name WorkChoices is dead, word to Tony Abbott. The point I want to make is that the one that George has just made a little earlier is wrong, that the Coalition is the party of low taxation. The record of high taxation is held by the Coalition, by the Howard Government, five years of record taxation as a share of GDP.

And it took a Labor Government to cut the 60 per cent rate inherited from a Coalition Government, to 49 per cent and to cut the second...

BRANDIS: That's a very long time ago.

EMERSON: ...and to cut the second top rate. The people who actually engage in tax cuts and all of that, is Labor. But they talk the talk...

BRANDIS: Not...

EMERSON: ...and never walk the walk.

GILBERT: But you're still not answering the question.

EMERSON: [Indistinct]. Righto, let's have another crack at it.

GILBERT: I want you to answer a question about the working family vote, because they're - with this policy, to a working family, to a mother about to have a child, getting full pay over six months, it's obvious it's going to be more attractive than your 18 week at minimum payment.

EMERSON: Well make it a year, two years, three years. I mean the point is these things have got to be paid for and what we're doing is economically responsible.

BRANDIS: Just tell me how we'll pay for it without taking the budget even further into debt than you've taken it?

EMERSON: We are paying for our scheme. Our scheme is a financially responsible scheme. The only way they can do this is a new tax, to break that promise of Tony Abbott and the people will judge. The people will make a judgement as to who is more sympathetic and supportive of working families, when we have provided tax cuts and education tax refund and gotten rid of WorkChoices and replaced it with...

BRANDIS: Craig can you give it...

EMERSON: ...a fairer industrial relation system.

BRANDIS: ...can you give an undertaking Craig, that if the Government were to be re-elected, taxes wouldn't increase to pay for Kevin Rudd's health and hospital plan?

EMERSON: Our undertaking is already - already in play, so now...

BRANDIS: Because last week Nicola Roxon, the Health Minister...

EMERSON: ...our undertaking...

BRANDIS: ...said they would.

EMERSON: You know George, our undertaking, and it is to not increase taxes as a proportion of GDP...

BRANDIS: Oh, the reason that hasn't worked...

EMERSON: ...and that has been the statement...

BRANDIS: Does that mean...

EMERSON: No, you are the record taxers in this country.

BRANDIS: Craig...

EMERSON: You get the gold medal for taxation in this country.

BRANDIS: Craig. Craig, Craig, let's...

EMERSON: But the Liberals wander around, say we're the party of low taxation...

BRANDIS: Settle down. Settle down, you're becoming excited.

EMERSON: Just completely untrue.

BRANDIS: Yeah, settle - you're becoming excited. Let me just bell that cat. The only reason you can quote that statistic is because in the - during...

EMERSON: Because it's in the budget, that's why I could. [Laughs]

BRANDIS: ...because - no, no. Listen to me. Because during the Howard Government, the economy was so prosperous, people were

making so much money, that tax records were at a - tax receipts were at a record high, that's absolutely right. But people were paying increasingly lower rates of tax.

EMERSON: But you said - you said you paid it...

BRANDIS: People were paying increasingly...

EMERSON: ...you paid it, amassing these big tax cuts. It's on record...

BRANDIS: People were paying lower...

EMERSON: ...gold medal...

BRANDIS: ...rates of tax...

EMERSON: ...gold medal...

BRANDIS: ...the tax register...

EMERSON: [Indistinct]

GILBERT: George [indistinct].

EMERSON: Tax receipts. [Indistinct] lot.

GILBERT: Senator Brandis, well was the Shadow Cabinet consulted over this policy? It's a pretty big initiative.

BRANDIS: A very long discussion about it.

GILBERT: So there was a discussion...

EMERSON: After it was announced.

GILBERT: ...[indistinct] Cabinet.

BRANDIS: We had a long discussion...

EMERSON: After it was announced.

GILBERT: The policy was put to your colleagues, Joe Hockey and...

BRANDIS: Well it had come to the party earlier this morning. But the Shadow Cabinet had a long discussion about it.

GILBERT: So you knew this was coming ahead of yesterday?

EMERSON: No.

BRANDIS: I'm not going to talk about the processes of the party, but you asked if the Shadow Cabinet talked about it, yes we had a long discussion.

EMERSON: The Shadow Cabinet met at 2 o'clock. Tony Abbott made this announcement to a women's policy - or a women's audience, in the morning. I know the Shadow Cabinet...

BRANDIS: Craig, you seem to know about...

EMERSON: ...I do, I know.

BRANDIS: you seem to know more about what happens in the Liberal Party than...

EMERSON: You guys, you guys...

BRANDIS: ...you know what happens in the Labor Party.

EMERSON: It's true isn't it, the Shadow Cabinet met at 2 o'clock?

BRANDIS: Look, I'm not - I'm not going to talk about the processes of the Liberal Party's policy...

EMERSON: Well my point is that...

BRANDIS: You asked me if the Shadow Cabinet discussed the policy.

EMERSON: Tony Abbott made the announcement before...

BRANDIS: We had a long discussion about the policy and it was very enthusiastically received.

EMERSON: And endorsed?

GILBERT: Post - posthumously...

EMERSON: Endorsed?

BRANDIS: Well I'm not going to talk about the processes through which the policies are developed.

EMERSON: I didn't see anything in the paper about Shadow Cabinet endorsement.

BRANDIS: I'm not - I...

GILBERT: Okay.

BRANDIS: Well that's because - Craig, Shadow Cabinet meetings - actually...

EMERSON: Was it endorsed?

BRANDIS: ...Cabinet meetings are confidential.

EMERSON: But was it endorsed?

BRANDIS: But I can assure you...

EMERSON: But the outcome, at some point, shouldn't be.

BRANDIS: I can assure you the policy was very enthusiastically received.

GILBERT: Okay, let's pause. We've got to talk about some other issues, of course, after the break.

EMERSON: Yep.

GILBERT: The visit of SBY the Indonesian President.
Stay with us.
[Unrelated item - advertisement break]

GILBERT: Welcome back to AM Agenda, and our panel Craig Emerson and Senator George Brandis. The Indonesian President, SBY is due to arrive here, I think, in about 15 minutes he's going to touch down, the Prime Minister's going to be welcoming him.

EMERSON: Yep.

GILBERT: He's going to be addressing both Houses of Parliament. It's an important visit Craig. Just how significant is it in the broader scheme of things?

EMERSON: Oh, very significant. A very large near neighbour.

Through the history of relationships, we haven't always agreed. I think the strength of a relationship is how you manage your disagreements. And where there have been disagreements with the Indonesian Government in the last few years, including under the Howard Government, I think they've been managed pretty well.

So obviously we welcome President Yudhoyono's visit and look forward to his address to the Parliament.

GILBERT: I spoke to the Foreign Minister Stephen Smith about this a little earlier this morning. Let's recap a little bit of what he had to say about the complexities of the relationship.

[Start of excerpt]

SMITH: Because we're such close neighbours, there will always be issues. I think the depth and the strength of the relationship these days is that we can have issues which may well be difficult, whether it's issues of capital punishment, people movement, the Balibo Five, for example, but they don't disturb the strength of the relationship.

[End of excerpt]

GILBERT: So the Foreign Minister saying that, you know, the Balibo Five, people smuggling, difficult issues will always be a part of that relationship, but it's how they - how you manage them and he believes that the relationship is strong enough to withstand that. Do you?

BRANDIS: Yes, I do and, Kieran, can I say at the outset that the Opposition of course warmly welcomes the President of Indonesia. The relationship between Indonesia, although it's had its ups and downs, is a very important relationship for Australia and there has always been a bipartisanship on that.

The test for the Rudd Government though is whether one of the outcomes of this visit is to deal with the issue of people-smuggling which, as you know, has got out of control ever since the Government weakened the border - the previous government's border protection policies in August of the year before last. Since that time there have been 88 illegal boat arrivals. There have been 20 so far this year and it's only the beginning of March. The summer is the monsoon season when these boats tend not to set to sea so the period in which we would expect to see the - an increase in the number of attempts to unlawfully enter Australia by sea is, in fact, in the months ahead.

Now, the Rudd Government has been hopeless on this. It's an acute issue in the relationship with Indonesia. The Howard Government had the problem under control. The number of boat arrivals had fallen to virtually nil. Now we've had 88 in a year and a half.

GILBERT: But the bottom line is the Indonesians, it's not as big a priority politically for them or as a problem for them. It's 240 million people on our doorstep and they've got internally displaced people.

BRANDIS: Sure.

GILBERT: They've got widespread poverty. It's just not a big priority.

BRANDIS: And that's the whole political point. It's not as big a priority for them as it is for Australia and therefore the Rudd Government, with Mr Rudd's fabled diplomatic skills, has to show that he can leverage a position to get the Indonesians to cooperate with the Australian Government to a degree that meets the problem.

GILBERT: Craig?

EMERSON: Obviously I think - I agree with your point, that if you're trying to govern Indonesia which consists of an enormous number of different islands and groupings of people, you can't expect people-smuggling to Australia to be their number one issue. That's just reality.

GILBERT: What's the motivation?

EMERSON: It wasn't the number one...

GILBERT: What's the motivation for them to stop the boat when you've got internally displaced people in Indonesia? And also it's not a crime, people-smuggling.

EMERSON: And I'm agreeing with you but we have been working with the Indonesian authorities on this and, to an extent, but only a limited extent, George is right, you need to leverage the relationship because otherwise if you didn't then there would be no priority whatsoever given to it. And the fact that the Indonesians do take this seriously is a reflection of the relationship but the number of boat arrivals is not a reflection of any deterioration of the relationship with Indonesia but with the fact that there was a civil war in Sri Lanka which George and his mob like to forget.

GILBERT: Let's just look at the broader issue because we've got plenty...

EMERSON: Yeah, I'm happy to do that.

GILBERT: ...of weeks to talk about that particular matter...

EMERSON: Yeah, yeah, exactly.

GILBERT: ...but on the issue of Indonesia, why don't Australians know more about this country? It's 240 million people on our doorstep. I mean, it's a closer flight than it is from Darwin to - why don't we

know more about this country of such huge strategic importance to us?

BRANDIS: I think increasingly, particularly young generations of Australians do know a lot more about Indonesia than perhaps people of my generation did when we were in our - in our twenties - and I think that reflects the fact that Australia under both Labor and Liberal governments for 30 or 40 years now has been more and more focused on east Asia.

Now, I think that's a trend that will continue.

EMERSON: And I agree. By the way, The Australian National University has extraordinarily good relations with the Indonesian Government. The Vice-President was actually at the ANU when I was doing my PhD there and they've got...

GILBERT: The Foreign Minister did a PhD at ANU.

EMERSON: Yeah, very, very good relationship but it doesn't quite answer your question.

I think in relation - but it is - it's relevant to this extent. It's an example of how we're reaching out to Indonesia and Indonesia is responding and those relationships which have involved friendships over 20 or 30 years are yielding real benefits here, at the top level of the Indonesian Government.

The rest of the question I think is - this is just a personal opinion. If you ask Australians what they associate with Indonesia, they'd say Bali. Well, Bali is not Indonesia. Bali is not even, you know, not even - they're Hindus in Bali and they're Muslims in Indonesia. It's a very different culture and maybe with further opening up of tourist destinations, I know that there are other ways to develop relationships but for average, everyday Australians, probably through tourism.

GILBERT: Yes.

EMERSON: And I think that's going to open up.

BRANDIS: That's all very well, Craig, but I mean, the acute issue in the relationship is the explosion of people-smuggling activity since you weakened the policy.

EMERSON: And just when I thought your Fruit Loops were wearing off.

BRANDIS: No, no, no, no, and the test of the success of this visit is whether detailed and specific measures are adopted to deal with that.

GILBERT: I think we were just on a friendly mood there...

EMERSON: Yeah, that's right. He's going to hoe back into the Fruit Loops...

BRANDIS: You know, I might say, on the issue of understanding of Indonesia, in fact, our Parliament contains one of Australia's most distinguished Indonesia specialists, the Liberal Senator Russell Trood.

GILBERT: Okay, all right, well, let's move on. One last issue, the defence spending. It's been reported in the Sydney Morning Herald, Craig, exorbitant, apparently, outlays. Is there enough scrutiny of the defence budget when you're hearing about private jets being used and so on?

EMERSON: This government has moved to achieve savings of \$20 billion over 10 years in the defence budget and it's put in place measures to do that.

Always we're on the look for savings. I must say, however, though, that some of the claims in that newspaper article didn't strike me as, you know, shocking extravagance, that defence personnel take taxis. What are we going to do? Have them go around in armoured personnel carriers? I mean, you know, they get on planes. They've got bills with Qantas. Well, you know, how are they going to get around Australia?

Now, some of the other things that looked a little more concerning to me, about allegations of phantom contracts. Of course they need to be examined. Of course they need to be looked into and if anyone's got any information about those, and I'm sure our own authorities will look into those, but let's not just throw the baby out with the bathwater and say that, you know, expenses on such things as taxis and air fares is some sort of rort.

People have got to get around.

GILBERT: And the other thing is, Senator Brandis, that the Howard Government quarantined defence spending...

BRANDIS: Sure.

GILBERT: ...so this is probably something, if it is a problem, that emerged in your time in government.

BRANDIS: Well, it's a problem that has emerged now on the Labor Party's watch and it's not clear from the report in the Sydney Morning Herald how far back the problem goes but can I just make this point? We do have a Minister for Defence Procurement, Greg Combet. This is his responsibility. Now, the problem with Mr Combet is that the Prime Minister obviously regard Mr Combet as a bit of a trouble-shooter because he's loaded him up as Minister Assisting the Minister for Climate Change and now after the collapse of confidence in Peter Garrett he's been given responsibility for mopping up the failed pink batts insulation scheme fiasco, so what you have is a Minister for Defence Procurement, responsible for the superintendence of a \$26 billion a year section of the budget, who basically doesn't have enough time to do his job because he's being asked by the Prime Minister to put out bushfires in other areas of the government.

EMERSON: He's a good friend of mine and he does do an enormous amount of work.

BRANDIS: I'm sure he does an enormous amount of work.

EMERSON: An enormous amount, with the Defence Minister, John Faulkner.

BRANDIS: Sure but this is what happens - this is what happens where you have a part-time Defence Procurement Minister.

GILBERT: All right, we're out of time. I'd love to give you the opportunity to reply...

EMERSON: Next time.

GILBERT: ...to your friend, next time, Craig, and Senator Brandis, appreciate your time.

BRANDIS: Thank you, Kieran.

GILBERT: We will have full coverage of President Yudhoyono's visit to Canberra, to Australia and, of course, his historic address to both houses of Parliament at two o'clock tomorrow afternoon.