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MINISTER FOR TRADE

Transcript
Sky News AM Agenda with Ashleigh Gillon

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Subjects: Mining tax and Green Party, Bali Process, Government cyber security.

ASHLEIGH GILLON: First though, joining us this morning on our panel of politicians from Canberra, the Trade Minister, Craig Emerson and, from Brisbane, the Shadow Attorney-General, George Brandis. Good morning to you both.

Craig Emerson, let's start with you. The Greens don't agree with the government's back-flip for a ... crediting the resources companies with those future state royalty hikes. Now, they're saying they'll oppose the company tax cuts linked to the tax, with the Coalition also opposed. How are you going to get that legislation through the parliament?

CRAIG EMERSON: We'll press ahead, Ashleigh, just as we pressed ahead with the flood levy. And commentators said that the flood levy was in all sorts of danger - it wasn't going to get through the parliament, it wasn't going to get through the lower house, wasn't going to get through

the upper house - and it got through. So, we'll press ahead, because we think this is an important reform.

With the patchwork economy associated with the mining boom, those companies that are not enjoying the benefits of the boom, either directly or indirectly, do need some relief in the form of a reduction in their company tax rate funded by the Mineral Resource Rent Tax and that's what we intend to do.

It's a supreme irony to me, Ashleigh, that the Coalition's supposed to be the party of business and is actually going to oppose a reduction in the company tax rate because they say they oppose the Mineral Resource Rent Tax. So, they are the Coalition’s true colours.

GILLON: Okay, we'll get to the Coalition on that in a minute. But, Craig Emerson, are you saying that the government isn't open to ditching that plan to introduce company tax cuts and spending the money on something else, like Bob Brown's suggesting?

EMERSON: We made a number of undertakings that this was a part of an important tax reform process: that Ken Henry recommended the implementation of a resource rent tax, and to use some of the proceeds not only to cut the company tax rate, Ashleigh, but also to give small business tax breaks and allow working Australians to increase their superannuation guarantee from 9 per cent to 12 per cent over a number of years.

So, there's three policies that we think are really important to Australia's future: company tax rate reductions; small business tax relief; and, thirdly, increased superannuation for working Australians, all of which the Coalition's pledged to vote against.

GILLON: So, Craig, you will negotiate with the Greens on this, but you're not saying that a cut to the company tax rate - that's going to happen regardless?

EMERSON: I'm saying that we will press ahead with our reforms. We indicated that we would and that's what we're going to do.

GILLON: George Brandis, obviously, the Coalition is against the mining tax. But if it does go ahead, you'd welcome the decision to spend the revenue on those company tax cuts wouldn't you?

BRANDIS: Well, you know, we just oppose the mining tax. And, you know, you can try and package it or sugar-coat it any way you like. But the fact is we're talking about yet another great big new tax that the country doesn't want and can't afford.

Now, in relation to what might happen - what it - what might emerge betw… from negotiations between the Labor Party and the Greens, I don't know. Mis … Senator Brown is a very good ... a very clever politician. He's very good in these negotiations. He's had a very successful track record so far in making the government dance to his tune, for example, on the carbon tax. So, who could say what will come out of the latest twists and turns in the Labor-Green alliance?

But the Coalition's position couldn't be more straightforward. This isn't about a tax cut; it's about a tax rise. It's about a huge new tax on our most productive sector. It's bad for the country, people can't afford it, and we'll be opposing it.

GILLON: Still, though, last week you welcomed it when the government did accept those 97 recommendations of the Argus Review. You said that you support the decision to credit all future state royalty increases. Again, does the Coalition think that if this mining tax does go through, an important part of the revenue should be going towards company tax cuts?

BRANDIS: Well, look, I don't. I'm not going to drill into the detail of Mr Argus's proposals this morning, because I don't want to divert attention from the basic issue here. The basic issue is that the Coalition has always been, and remains, resolutely opposed to the mining tax, which will seriously impact on the jobs of people, particularly in the big mining states like my state, Queensland, and Western Australia. We opposed it in Opposition and we would rescind it in government.

GILLON: Craig Emerson, Bob Brown is proposing that some of the revenue from the mining tax goes towards setting up a national dental care scheme. He also wants some of the revenue to go towards welfare increases. Do you think you can find some money from elsewhere in terms of the revenue from that mining tax to go towards those things?

EMERSON: This is a tax reform package and it's designed ... George says it's about increasing taxes. It's actually getting revenue from the mining industry, which can afford to pay because we have an unprecedented mining boom in this country. The highest mineral prices in 150 years, and on Sunday Mr Abbott described the mining tax as oppression, oppression of the mining industry!

The mining industry accepts that it can pay more. Mr Abbott says it's already paying too much. So there's a very clear choice.

GILLON: But that wasn't my question, Craig Emerson. I was asking you: Do you think you can find some revenue from elsewhere to go towards the sort of schemes that Bob Brown is proposing in order to get the Greens on board?.

EMERSON: Well, Mr Brown ... Senator Brown will have to make his decisions. We will make our own budget decisions about our own priorities, but we will use the proceeds of the Mineral Resource Rent Tax to achieve reductions in tax elsewhere.

Now, the other point I'd make about this, Ashleigh, is this: that Tony Abbott has been saying that the Mineral Resource Rent Tax will increase the cost of living in Australia. That is complete and absolute fabrication. It is on internationally-traded products, such as iron ore and coal. It will not increase the price of iron ore around the world. This is about…

BRANDIS: Well look, Craig, that's what you say…

EMERSON: … giving to the Australian people a fair share. This is about ... this is voodoo economics coming from George, I can tell you. It will not increase the price of iron ore around the world. If it were, why wouldn't the companies already be saying, ‘well how about we take a bigger iron ore price’.

It is determined in the market, not because of the Mineral Resource Rent Tax. The Mineral Resource Rent Tax is designed to give a fair share of the

proceeds of an unprecedented mining boom to the Australian community through tax relief and increases in superannuation for working Australians ...

GILLON: Geor…

EMERSON: … and the Liberal Party opposes it.

BRANDIS: Craig…

GILLON: Okay. George…

BRANDIS: Craig, that…

GILLON: It's a fair point - isn't it, George? - when you consider that the mining companies are now on-side with the government on this. They've come up with those recommendations through Don Argus. The Government's accepted them, but the Coalition is still saying it wants to block it.

BRANDIS: Well, hang on, just a moment, Ashleigh [laughs]. When you say the mining companies are on-side, the three biggest mining companies in the country are on-side with the government. There are thousands of mining companies in Australia, mid-tier and smaller mining companies.

With the exception of the big three that have done a sweetheart deal with the government to look after their own interests, the rest of the mining sector is resolutely opposed to this tax.

And, can I come back to something Craig said? He said, ‘well, you know, I can give you an assurance that

this won't put up the cost of living'. This is the government that gave us an assurance…

EMERSON: It's straight economics.

BRANDIS: … there'd be no ... this is the government that gave us an assurance that there'd be no carbon tax. And that's the problem with this government: you can't believe a word they said, because their assurances are worthless.

GILLON: Okay. Well…

EMERSON: It's straight economics, George…

GILLON: Okay.

EMERSON: … and you understand that, surely?

GILLON: We need to move on. Bob Brown…

EMERSON: Even as a lawyer…

BRANDIS: I think…

EMERSON: … you must understand …

BRANDIS: I think…

EMERSON: … that this tax cannot…

BRANDIS: Craig, if I may…

EMERSON: … increase the world price of iron ore.

GILLON: Okay, we can't hear either of you now…

BRANDIS: Craig, if …

GILLON: … when you're talking over each other.

BRANDIS: If I may…

GILLON: We do need to move on.

Bob Brown is actually going to be announcing exactly what the Greens' position is in a speech after nine o'clock this morning. We hope to be able to bring some of that to you live.

I do want to move on to the Bali talks happening this week. Kevin Rudd and Chris Bowen are in Bali for those talks on people smuggling.

Craig Emerson, you're not expecting any major shows of support for your proposal for a regional processing centre in East Timor during these talks are you?

EMERSON: No, the Bali process is about a regional solution to a regional problem. There may be some discussion about the idea of a regional processing centre, but that's not the focus of the discussions. I note that Malaysia is indicating positively that it agrees that there needs to be a regional solution to a regional problem. I think Indonesia is doing the same. So we approach this Bali conference …

GILLON: But they're not backing your approach to a regional solution are they?

EMERSON: We are approaching this Bali conference with a positive frame of mind and there are positive indications from others, but you're right, Ashleigh: we are not saying that this conference will all be about a regional processing centre for East Timor or any other country. There are broader issues about cracking down on people smuggling - those are the sorts of issues that will dominate in this Bali conference.

GILLON: Is that fair enough, George, that we shouldn't expect the Bali process to be focussing on Julia Gillard's plan?

BRANDIS: This is a new technique; this is the latest evolution of Labor Party spin. We are now pre-announcing the failure of our own policies before the conference even happens. The fact is that this was always a stunt and everybody in the country knows it.

Julia Gillard announced a regional processing centre as the heart of the Labor Party's so-called border protection policy in order to win the 2010 election. It's since been revealed that she never took it to Cabinet, she never discussed it with the East Timorese government. More recently you have the Malaysian Prime Minister…

EMERSON: None of that's true.

BRANDIS: ... Malaysian Prime Minister saying he knows nothing about it and it's been taken so seriously by the East Timorese, whose agreement is critical to making it happen. But their Foreign Minister isn't even going to be in East Timor today to meet Mr Rudd. He's going to

be in Fiji, so Mr Rudd is going to have to talk to the Deputy Foreign Minister.

This is, I'm sorry to say, the sad unravelling of what was always a stunt - was never going to happen. It's not going to happen and now Craig in order to kind of soften up public opinion is pre-announcing its failure.

GILLON: Craig…

BRANDIS: Craig, I could have told you that six months ago.

EMERSON: It's fascinating, George, that you say the Malaysian Prime Minister knows nothing about it. We met the Malaysian Prime Minister about three weeks ago…

BRANDIS: Yeah …

EMERSON: I was in a discussion with the Malaysian Prime Minister. He knew all about it, George, but then again, you know, you have superior knowledge, superior information…

BRANDIS: Well I, I…

EMERSON: You're making it up as you go along, as usual.

BRANDIS: The Malaysian Prime Minister, on the eve of his visit to Australia, was asked by journalists about it and he said ‘we know nothing of this’, quote-unquote.

GILLON: Craig, if the Bali process isn't going to focus on this, when can we expect the region to sit down and seriously consider the proposal put forward by your government?

EMERSON: Well, this is the context for being able to discuss such issues as the regional processing centre. As I said earlier, I'm not saying that there'll be no discussion about a regional processing centre. What I'm saying is that the issues go broader than simply a processing centre. They go to the regional cooperation in cracking down on people smuggling, the sharing of information. All of these important dimensions in going towards an entire regional solution to a regional problem, rather than a mid-Pacific solution to a regional problem. We do have a policy difference from the Coalition on this, that's true, that's true.

GILLON: Okay, we are running out of time. The final topic I want to get to though: the *Daily Telegraph* is reporting today that several ministers have had their computers hacked. The story suggests that Australian intelligence agents suspect China is behind the move. Craig Emerson, how worried is the Government about that computer hacking?

EMERSON: I hope your viewers will understand, Ashleigh, as fascinating as this story is, that as a minister I'm just in no position to comment on that story. Obviously, we take the issue of cyber security very seriously. We cooperate with other agencies about these sorts of matters, but it would just be wrong of me, and I'm sorry about that, but it would be wrong of me to kick this story along.

GILLON: You haven't had any indication that you computer's been hacked Craig?

EMERSON: As I say, even if I had such an indication I wouldn't be able to divulge that to you. So, don't take anything out of that - that the answer is ‘yes’ or ‘no’ - I'm simply saying on some issues such as national security, it's

not the prerogative of a minister to share that sort of information with the general public. Regrettably, but that's the nature of the issue.

GILLON: George Brandis how serious a breach of security is this?

BRANDIS: Well, look, I'm in a somewhat similar position to Craig. I had an ASIO briefing about this matter last week, and for that reason I'm really not at liberty to say anything about it.

GILLON: Okay, George Brandis, Craig Emerson thank you for your time this morning as always.