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**GREENWOOD:** Craig Emerson joins me now. Thank you for joining us on the program Craig.

**EMERSON:** It's my pleasure Ross.

**GREENWOOD:** I mean we've just spoken to the mining industry and they are fuming, as you can understand, about this, and they're also claiming that what it leads to is a tax system that basically is inequitable and does not treat each of its participants equally.

**EMERSON:** Well there are large mining company profits and if I could take you back a couple of decades ago to the same arguments that were put by major oil companies in Australia, when the Hawke Government proposed to introduce a petroleum resource rent tax, they said exploration would dry up, that would be the end of the world as we know it.

That tax has now been in - and I helped design that tax - for more than 25 years. It's collected a fair share of revenue from the resources of Australia that are owned by the people of Australia, for the people of Australia. And we've just had Gorgon and Pluto going ahead, under this same resources style of tax, that is now being mooted for hard minerals.

**GREENWOOD:** But the truth is just because you've got the resources there - I mean the question of how high you could raise any tax on

any industry is always a moot point. Is it a case that you continue to tax these organisations until effectively their noses bleed, or that their projects stop? Because, of course, in the past we have had situations where oil and gas exploration in this country did grind to a halt, simply because the price of the commodities was not suitable at that time?

**EMERSON:** And, indeed, the price of the commodity is relevant here and that's why this tax is based on profits not on production, which is what ad valorem royalties and specific royalties and in those days the crude oil levy were based on. And they actually deterred exploration and development. And this tax, based on the actual profits revealed, or recorded by a company doing that sort of work, mean that there is an incentive to invest and to explore for resources in this country.

We heard these same arguments Ross, 25 years ago. Some companies put full-page advertisements in the papers condemning the Hawke Government for contemplating a tax on the profits of resource companies for developing the resources that are owned by the people of Australia. Now in relation to where that money would go, just going back to your introduction, we would spend a significant amount of that money on giving small businesses tax breaks in the form of instant write-off of assets worth up to \$5,000.

**GREENWOOD:** Can I pick you up there on one thing though Craig Emerson, and that is you say that we'll take the money and we'll give it to small business and all those types of things. Okay. Fair cop.

If it was Norway, the Norwegians, of course, took the money which, as you point out, is for future generations as well, put it into a big sovereign fund, never touched the capital of it and only spend the income. Now, of course, the problem is that you're spending the capital, from this tax, as well as the income. And the truth is, is there anything left for tomorrow's generation, or the generation after that, because ultimately we're exploiting our resources today. Are we leaving anything behind?

**EMERSON:** Well I think actually giving incentive to small business is an investment in the future. Giving them tax relief, cash-flow support, particularly when they're investing in productive assets, to give them that tax relief is a very good investment, not only in small businesses but in the four and a half million people who work in those small businesses. In addition, money from the resources tax would go to cutting, as you know Ross, the company tax rate including, for those

incorporated small businesses, of getting a two year head start on that company tax reduction ...

**GREENWOOD:** Correct. So that means ultimately...

**EMERSON:** ...with the investment in enterprise and incentive.

**GREENWOOD:** So that means, of course, ultimately that the big banks, the four big banks that are protected by the Government guarantees that have been put in place - in other words the public's money - they're going to make \$6 billion this year, most of them. Why are they not being taxed a super tax as well?

**EMERSON:** Because this resource is a resource that is owned by the people of Australia.

**GREENWOOD:** But then so too is the banking industry is being protected by the taxes of the Australian public over the past 12 to 18 months...

**EMERSON:** Those guarantees, as you know Ross...

**GREENWOOD:** ...by the guarantees we put in place.

**EMERSON:** ...as you know, firstly, those guarantees were necessary in the midst of the worst global recession...

**EMERSON:** Couldn't agree more. So why don't we get a payment back for that guarantee?

**EMERSON:** Right, but that's - and you said that it was at a - I think you said, and correct me if I'm wrong, that this was at a cost to taxpayers. It was not. A fee was actually collected by providing that guarantee. It was at no cost to taxpayers as it turned out. And it was necessary and I'm glad that you did agree with that.

So what I'm saying is that by using some of the proceeds of this resources tax to provide extra incentive for small business we are, in fact, making an investment in the country's future by investing in the ingenuity of small business. I think that's a very good thing.

The problem is, of course, Tony Abbott has now announced that they will do everything they can to block that from happening.

**GREENWOOD:** Craig Emerson, I've got to move on, but I appreciate your time. The Small Business Minister joining us here on Money News.

Dr Craig Emerson, many thanks for joining us.