



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
Sky News AM Agenda with Ashleigh Gillon
11 May 2010

E&OE

Subjects: Budget, Resource Super Profits Tax, asylum seekers.

GILLON: Well the Government says it's going to be a no-frills Budget, but last night at drinks at the Lodge some of Kevin Rudd's backbenchers told him they need him to do something to turn the polls around. Coming up on the program today we're going to be looking at all of the speculation surrounding Wayne Swan's third Budget with an economist, a union leader and opposition frontbencher as well. First though, joining me here in the Canberra Studio the Small Business Minister Craig Emerson. Good morning to you.

EMERSON: Good morning Ashleigh, on a very brisk Canberra morning.

GILLON: It is indeed. It's going to be a big day here in Parliament House.

EMERSON: Budget days are always big days.

GILLON: Do you expect that this Budget can give Labor a lift in the polls?

EMERSON: We don't expect the Budget to give Labor a lift in the polls. This will not be the typical John Howard, Peter Costello pre-election give-away Budget. It is a Budget that secures, is designed to secure our long-term future with a debt reduction strategy and an investment in those productive assets and in the health system that are so necessary to ensure our long-term prosperity. So it's really a Budget that is economically responsible, lays down the debt-reduction strategy, but at the

same time invests in health reform, invests in infrastructure, invests in the nation building of this country.

GILLON: If this Budget isn't going to do anything to turn around the polls, what will? What's Kevin Rudd been telling backbenchers who have been voicing their concerns?

EMERSON: Well, we had a very calm and purposeful discussion in the Caucus. I thought it was a very productive exchange of views. Kevin laid out some of the problems, but also some of the very great achievements that this Government has recorded in its short time as a government. Investing in the education revolution, steering our economy through the deepest global recession since the Great Depression. You know we're the only advanced country in the world that has avoided a recession – that's a very important achievement. The education tax refund. All of those reforms that have been made, we should be proud of. They are important reforms for the country. Of course, there are some problems and that's been reflected in the polls.

GILLON: And is it fair to say a lot of your colleagues have been shaken by those polls and that the mood is pretty low?

EMERSON: No, that's not the sense that I got at all. I thought it was a very impressive discussion. I have been around this place for a fair while – I don't want to reveal exactly how long – but I do remember in previous Labor Government the Caucus getting very skittish and quite sharp in its criticisms of former Prime Ministers at that time. That wasn't the mood at all. It was a very purposeful mood. Okay, we've got some issues to deal with. Let's be proud of the achievements and the investments that we're making in the future, but let's ensure that we grapple with those challenges too.

GILLON: Does Kevin Rudd's leadership have any room for any more [indistinct] or backflips?

EMERSON: I think Kevin has been, and will continue to be, a very good Prime Minister because he has an eye to the country's future. That's what's really important about governments prepared to make hard decisions for the nation's future, which brings us back to the Budget. And that is, we could have done the old Howard-Costello two step, and just said right-o you save for two and a half years and then you splash it out in pre-election giveaways. We're not doing that. We're not doing that because we don't believe that's the economically responsible way to go. Yes we did go into deficit, but we are a triple-A rated country. We have the lowest net debt in the world. But we had \$170 billion in tax revenue wiped off the accounts because of that global recession. Now, what Tony Abbott is saying is 'oh, you

shouldn't have gone into deficit. You shouldn't have done the so-called cash splash. You shouldn't have invested in the Building the Education Revolution.' And indeed they're now saying – this is a very extreme bunch of people – they're saying that that part of the Building the Education Revolution, Stage 3 should not proceed. That's 3,200 projects in primary schools, and 150 high school science and language centres gone under Tony Abbott and the Coalition. What about the tradies who are doing the work on those?

GILLON: Well now, of course, the Government is raising taxes so that it can spend more on other areas with the resources tax you now have State Labor governments, the Opposition and the entire mining sector speaking out against this new tax. Surely the Government must be considering some changes to that?

EMERSON: Well let's talk about tax very briefly and generally, then I'll get onto the resources tax. The record, the gold medal, for the highest taxing government in Australia's history goes to the Coalition Government. The Liberal Government in 2001, 2002, 2003, 2004, 2005, 2006.

GILLON: Can we just talk about your Government. That's what I think our viewers are very interested in today.

EMERSON: Sure, and in terms of our commitment on tax, yes we are going to implement a resources tax, a Resource Super Profits Tax. Why? Because we want to use the proceeds, again, to invest in the future. Cutting the company tax rate from 30 per cent to 28 per cent, and a head-start for those small business companies. For every small business in this country – don't listen to what Tony Abbott said when he announced they were going to do everything they could to block this resources tax – when he said the tax cuts for small business are only for incorporated ones. They are for every small business in this country. And remember we have a commitment to keeping tax, as a share of GDP, no higher than the level that we inherited. So, yes, there will be a resources tax to fund the spreading of superannuation and the increasing of superannuation to working Australians. Again, something that Tony Abbott is totally opposed to.

GILLON: Still though, Anna Bligh is the latest Premier to urge the Prime Minister to get this tax right. As a Queenslander, can you honestly say that you have no concerns about the impact of this new tax on your State and on WA, considering that yesterday we learnt the Xstrata is the latest company to cancel projects. The takeover bid for Macarthur Coal in Queensland has also been downgraded significantly.

EMERSON: Well, I'm not sure about cancelling projects. I've heard of companies saying that they'll just put their deliberations on hold for a time while they engage in the very consultation process that's set out in the Henry Review response. Now, it's a detailed consultation process. We're happy to have that consultation with the responsible elements of the mining industry – and there are many of those.

GILLON: Consultation with the eye to change?

EMERSON: With the eye to settling the implementation details. Now we're happy to work on the detail. But there will be a Resource Super Profits Tax to make the very investments that I'm talking about. And, again, this is an election year. Look at the contrast: we want to reduce the company tax rate from 30 per cent to 28 per cent. Tony Abbott has pledged to increase it. Typical Liberals. From 30 per cent to 31.7 per cent through his great big new tax on everything you buy, to pay for his paid parental leave scheme.

GILLON: Okay, well looking more broadly at the Budget, we are expecting that it will be a much rosier picture today than was forecasted in last year's Budget. That's fair to say?

EMERSON: I think, as Wayne Swan has indicated, a lot of company losses were accumulated during this very deep global recession. We've managed to avoid a recession, but we didn't manage to avoid an economic slowdown. So a lot of company losses were accumulated. They can then be carried forward to be offset against future profits. So let's not get too excited, you know, about short-term results here because those company losses need to be taken into account in the revenue projections. But we will set out a very clear deficit reduction strategy. A deficit that we believe was necessary. A deficit that Tony Abbott said was completely avoidable. He said that we could have avoided a recession. He said look what New Zealand did. Well what did New Zealand do? They went into recession for five quarters! That's Tony Abbott's model and I think he calls that tough love. You know, here the Australian people, this is good for you – a good old recession a bit of tough love – Tony Abbott's extreme right wing style.

GILLON: Can you give us a little bit of a hint of where the Budget's bottom line will be heading tonight?

EMERSON: Yes I can. Tonight at 7.30, that's when Wayne Swan will tell you exactly what that number is.

GILLON: We'll look forward to that. Just very briefly to end, later in the program I'm going to be chatting with the Shadow Immigration

Minister Scott Morrison. He is no doubt going to be seizing on the reports we're learning about today that asylum seekers are being put up in a four-star hotel in Brisbane. Is that appropriate?

EMERSON: Now these families have kids. They are not a risk. They have been properly assessed. They are vulnerable families. Okay they're human beings. Now Scott Morrison has already conceded that the Howard Government used to do the same thing. Now he probably won't tell you that. But I'm telling you that and I'm telling your viewers that. These are human beings. They are parents with kids and we don't think that they should ever be behind razor wire. That's our policy. The Howard Government used to do that. Okay – there's another choice for the Australian people.

GILLON: So you have no problem with asylum seekers being put up in four-star hotels when, of course, there is a real lack in crisis housing in Australia

EMERSON: Well of course it's not the normal run of the mill thing you do. But if these are very vulnerable families with children, and it's something that needs to be done on a short-term basis, well let's just have a little bit of space. It's not a practice – and I know there will be a lot of people who will say, gee, look this happens all the time. It doesn't happen all the time. But it did happen under the Howard Government.

GILLON: I will put that to him. Craig Emerson, enjoy Budget Day. Thanks for your time.

EMERSON: Will do, thanks Ashleigh.