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Transcript  
2CC with Mark Parton

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**PARTON:** Australia back in the black three years earlier than expected, Treasurer Wayne Swan revealing last night. He handed down a no-frills Federal Budget. He announced Australia would pay off debt and return to surplus before every major advanced economy, despite the Government spending billions of dollars on the health system. We're joined by Dr Craig Emerson, Federal Minister for Small Business, Consumer Affairs and Competition Policy. Morning Craig.

**EMERSON:** Morning Mark.

**PARTON:** Do you think you've convinced Australia that you are the best economic managers?

**EMERSON:** Well, it's a very responsible budget. Of course there's always the temptation to, in an election year, to have a giveaway Budget. A spending spree. This is anything but that. We've resisted that temptation. That used to happen under the previous Government. They'd sort of save for a couple of years, then have this big spending spree. We haven't done that.

**PARTON:** You've actually done it the other way around, obviously. You've had your spending spree in the last 18 months.

**EMERSON:** We needed to increase spending during the global recession. And we said that we would chart a way back to Budget surplus, and as you've just broadcast to your listeners, that's now going to happen three years earlier. So that's really good, in terms of the strength of the Budget, but it also reflects the strength of the economy. So we have come out of this deep global recession as the strongest advanced country in the world. And I think it's not just a matter of governments, all Australians should take pride in that.

**PARTON:** Can I just return to the surplus. It relies upon a, well I hate to quote them on the other side, but a great big new tax on Australia's resources sector. I'm almost as sick of that as I am of working families. But it's not really about tough decisions. Labor's mining tax is, well according to the mining industry, a dagger to the heart of them and the Australian economy. Is it a bit of a gamble to place so much on that one thing?

**EMERSON:** No it's not. And I think that dagger to the heart comment might have even been made by Coalition frontbenchers. Look, responsible elements of the mining industry are entitled to say what they would. They'd prefer to have lower tax rather than higher tax. We understand that. But these resources, Mark, are owned by the people of Australia. Our mineral resources are owned by the people of Australia and we think that the people of Australia should share fairly in those benefits. A quarter of a century ago – I've been through this before – I was the part-architect of the Petroleum Resource Rent Tax. All of the dire predictions were made. The Gorgon gas project has gone ahead under that tax. The Pluto gas project has gone ahead under that tax. The life of Bass Strait has been extended by three decades. But back then it was going to be the end of the world as we knew it. So I guess we've been through that. We're happy to work with the mining industry on the implementation of this, but we are committed to this particular tax on behalf of the Australian people.

**PARTON:** Spending in this Budget will increase by \$26 billion over the next three years relative to last year's record spending forecast. I guess it's easy to stand back and say maybe this Budget's not quite as responsible as it looks.

**EMERSON:** Well we are, a lot of the initiatives that are in the Budget are an investment in the future. An investment in infrastructure. An investment in health reform. Reducing the waiting times in emergency departments, including obviously at Canberra Hospital. Reducing the waiting times for elective surgery. More doctors. More nurses. And I think people would see that as a genuine investment in reform, and that's what we're doing. But, you know, over the period our spending as share of GDP won't

be significantly different – this is in the coming period – to the previous Coalition government. What I can say is that our taxation as a share of GDP will still be significantly lower than the tax as a share of GDP of the previous government from 2002 right through to 2007. They were, and hold the record of, the highest taxing government in Australia's history. And the Liberals say 'oh, we're for low tax', but that's not what they actually did. We are, with the resources tax, with the resources tax, we'll still be significantly lower taxers than the previous government.

**PARTON:** Craig Emerson's with me. Federal Minister for Small Business, Consumer Affairs and Competition Policy. I wanted to, if I could, just step away from the Budget momentarily. When, I know you're a huge fan of Alan Jones, Craig...

**EMERSON:** We get on pretty well, Alan and I....

**PARTON:** ... he had an interesting thought on his program, when considering the economic drama that's facing so many countries around the world, Alan was questioning whether democracy itself can stand up this challenge, and I might just play you a bit of what he had to say yesterday:

**JONES:** ... and there's a big issue here which I won't be looking at today, but I just wonder, you talk about our Budget tonight – and I'll come to that in a minute – I wonder is democracy in trouble here? Because everywhere you look around the world these countries are in debt. Which government under the democratic system is going to say, look, I'll fix up the debt but I'll have to raise taxes to do it, and I'll have to take things away from you? Which electorate will support that? We live in greedy times. Everyone wants to think of himself. More money in my pocket. If the government takes anything away from me, well I won't vote for them!

**PARTON:** See, I think he's got a really, really good point. If you put the kids in charge of dinner at home you'll have McDonalds every night. And, I don't know, what are your thoughts on what he's saying?

**EMERSON:** We've got the lowest net debt in the world. So that's a very good position for Australia to be in. And I'm talking about countries like the United Kingdom, and the United States and Greece and all of those. So we don't have this sort of burden that those countries have hanging over them, because we're getting the Budget back into surplus three years earlier. The debt will be substantially lower than that was projected just last year. So we're in really good shape in relation to net debt.

**PARTON:** We're still talking about a peak debt bill of \$93 billion though.

**EMERSON:** Yeah, 6.1 per cent of our gross domestic product is the best way to think of our debt. Now the Coalition have been running around saying \$300 billion debt. Well, 90 billion is a much smaller number than the 300 billion that they have been claiming. So, we are in a very strong position. And we are in a position to pay down that debt, and that's why we're going to be into surplus in just three years. It is a far cry from the countries of Europe and the United States, and some of the other countries that we've been talking about, where there will be really very difficult decisions for those countries because, as Alan says, the bad news will come down the track for those countries where governments of the day will have to say, in order to repay you know their very, very large debts, they'll have to either increase taxes or cut spending.

**PARTON:** Craig, just finally in closing. I've given the award to the Government politician who appeared most engaged on the TV behind Wayne Swan to Anthony Albanese. His earnest but deeply interested face was a sensation. But John has just called us and suggested that he saw some shoes sticking up, right at the back in the bleachers as it were amongst your members. He reckons someone was either asleep or had passed away.

**EMERSON:** [laughs]

**PARTON:** You can't shed any light on that, can you?

**EMERSON:** No I can't. Whoever it was, if that's true, they'd have to be pretty well upside down, because those benches don't have a lot of room in them. So if someone's shoes were sticking up in the air, they might have turned up their toes.

**PARTON:** See, I think on the front bench, I think they should put some arm rests on there. I don't know if that whole sort of lounge set up works for the... Would you like to see some armrests on there?

**EMERSON:** No, it's fine. It's very engaging. It really is a bear pit there. Despite the sometimes angry exchanges there's a little bit of frivolous banter across the chamber as well that isn't picked up on the microphone.

**PARTON:** Sharing the love.

**EMERSON:** Sharing the love.

**PARTON:** Thanks for sharing the love with us this morning Craig.

**EMERSON:** Okay Mark.