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Transcript
2UE Mornings with Stuart Bocking and Tracey Spicer
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Subjects: Tony Abbott; Resource Super Profits Tax.

BOCKING: The Government's Minister for Small Business is Craig Emerson, and he joins us on line, he's phoned through this morning. Minister, good morning.

EMERSON: Good morning Stuart.

SPICER: Craig Emerson, I saw a very interesting interview with you on Sky News this morning, which I don't know whether you saw, it was followed by Ian Macfarlane, one of your opposite numbers...

EMERSON: No, I didn't see it.

SPICER: ...who actually accused you of lying. Is the Federal Government replacing state-based royalties with the 40 per cent mining tax? Ian Macfarlane said that you, saying that, is in fact a lie.

EMERSON: Well, he's wrong about that, unfortunately, and that is that we will rebate state-based royalties with the resource super profit tax...

SPICER: So you will 100 per cent rebate them?

EMERSON: We are rebating existing royalties and scheduled increases in royalties. And when I was asked a straight question about future royalties I said, well that is a question that I cannot fully answer, that's a matter for the discussions that are going on with the

mining industry now, involving Wayne Swan and Martin Ferguson. I don't think I could be clearer or more truthful than that.

SPICER: It sounds like Ferguson and Swan are hinting that we're going to change the definition of a super tax, that it won't be simply what's above six per cent. Can you confirm that?

EMERSON: No, I can't. And as I said on Sky, I think it's important to let these negotiations take place without me making proclamations outside the negotiating process.

SPICER: But there's room to manoeuvre on that six per cent?

EMERSON: What we are saying is that there is room for a compromise on some features of the arrangements, including the treatment of existing investments and how they're counted. But the tax rate and the fact that it will apply to the existing operations is set. Let's have those negotiations take place. They were set down in the Government's response to the Henry Review and they're now taking place with some 80 different mining companies.

SPICER: Isn't this the same kind of inconsistency or backflip or backdown that your side is criticising Tony Abbott of doing on the 7.30 Report last night?

EMERSON: Not at all. We set out the consultation process in the Government's response to the Henry Review, released on 2 May. It has three different phases to the consultation processes, and we're going very carefully through each of those phases.

BOCKING: So what's your reading on Tony Abbott's performance last night? Do we simply say he was being candid, he was potentially saying what many politicians often think in their heads, but they have to remain on message? Was it a gaff, a slip-up, how do you portray it?

EMERSON: Mr Abbott revealed that there are two Tonys, the gospel truth Tony and the heat of the moment Tony. And the problem for the Australian people is that they won't know which Tony is speaking when he makes a pre-election promise. Because he's reserved for himself the right, after an election, if he were to become Prime Minister, to say, I made that commitment only in the heat of the moment. I made that promise only in the heat of the moment and therefore it doesn't count.

BOCKING: But do sometimes politicians, and you'd know this, often you're crossing various strides of society, do you sometimes not parley a message? I mean we've heard from Kevin Rudd in the past, programmatic specificity and various terms like that, then all of a

sudden he's regaling us with, fair shake of the sauce bottle, and here I am with the Missos, you know, as the slang for Miscellaneous Workers' Union.

Politicians sometimes do have to morph themselves, to a degree, don't they, to move across various strides of society, Craig?

EMERSON: Well, I'm not denying that politicians speak to different audiences. But they should speak the truth to different audiences, and...

BOCKING: But you're also saying that there's two Tony Abbotts, some...

EMERSON: Yeah, one that tells the truth and the other one that doesn't. I mean, let's understand what this discussion was about last night. It was about Tony Abbott saying in February that under an Abbott Government there'll be no new taxes or increases in taxes. Now that is a promise. That is not talking about fair shake of the sauce bottle...

SPICER: But isn't it the same as the promise that your Government made on the ETS, which has turned out to be the mother of all backflips?

EMERSON: And what happened to the ETS? We reached a compromise with Malcolm Turnbull, the very basis for Tony Abbott challenging Malcolm Turnbull for the leadership, defeating Malcolm Turnbull for the leadership, and then reneging on the commitment that we made with Malcolm Turnbull to pass it.

SPICER: But the Government could have done a deal with the Greens, or taken it to double dissolution, to be fair.

EMERSON: To do a deal with the Greens would have led to an unacceptable outcome on the Australian economy and we weren't prepared to do that.

Look, this is the same as the number of other commitments that we've made, or promises. There's something like 50 bills backed up in the Senate, and then the Coalition says, well you're not keeping your promises. Well, how about they pass some of those bills, so that we can? I mean it's pretty extraordinary to say, well, Labor should keep its promises, but we, the Coalition, will do everything we can to prevent them from doing so.

BOCKING: Well, was the bill to build another 222 childcare centres, was that knocked back in the Senate, Craig, because that was another promise that was junked by the Government? We could argue, oh well, there are two different governments almost, one

that proposed the idea in the first place, another that junked it, I don't recall that particular scheme being held up in the Senate.

EMERSON: And we've been – and I didn't say it was – we have been up front with situations where we have not been able to do what we'd hoped to do, and what we've said to do, we are prepared...

SPICER: So that was a non-core promise?

EMERSON: ...but hold on, we are prepared to be held to account for that. We are prepared to be held to account for that. That's how it should operate in a democracy. The difference with...

BOCKING: So in the same way...

EMERSON: No, the difference...

BOCKING: Hang on, just before you go on, but in the same way that Tony Abbott was upended by Kerry O'Brien last night, is it not though fair to say, in relation to say the childcare promise, where 222 childcare centres have just gone by the wayside, that that was members of the Government talking at a particular time, now suddenly they've changed their mind? Clearly that couldn't be believed at the time, does it not give rise to the very same allegation you're putting forward in relation to Tony Abbott?

EMERSON: No, because Tony Abbott has said that he reserves for himself the right to make a promise that he has no intention of keeping. Now we've done our best to keep as many promises as we can. Sure, there are some where that hasn't happened. The vast majority have happened, but we are prepared, and we accept that we should be held to account for statements that are made, and not fully followed through. We accept that...

BOCKING: But surely the only difference between...

EMERSON: Can I just finish? This is different from Tony Abbott saying: my promises don't amount to anything when they are coming out of my mouth because I reserve the right after the election to say yes I gave that promise, but that in fact as it turns out it was a heat of the moment promise.

Now he made this promise about no new taxes or increased taxes. He could have said the next day, oh gee what did I do? I made that in the heat of the moment. But no, he left it there for a month until he came up with his idea of a great big new tax on everything you buy and then he says: that was a heat of the moment promise that I made a month beforehand.

BOCKING: But surely the only difference between what he's done last night and what you've done in a number of different promises that were held up in the Senate is that he's enunciated it and maybe

foolishly in enunciating it and you guys simply haven't, you've just shelved it and tried to move on and pretend nothing happened. He's actually said it, you guys didn't, [indistinct] to move on.

EMERSON: We are saying that we are prepared and willing and accept that we'd be held to account for any promises that we have not been able to deliver for whatever circumstances or reasons for that.

What Tony Abbott is saying is completely different. And that is he will not be held to account for a promise that he makes because he reserves the right after an election to say that was not a gospel truth comment - promise, it was a heat of the moment promise and it doesn't count.

And a very important area here is Work Choices where he said that he will bring back individual contracts. He will remove the protection from unfair dismissal for millions of Australians...

BOCKING: He also conceded in his budget reply speech and you know this, he conceded that under the former government they had gone too far with Work Choices.

EMERSON: And remember Work Choices before the election when they introduced it was not uttered, not one word. And Tony Abbott had been industrial relations minister in that Howard government. In that term he knew they were working on Work Choices. He said not one word about it. Once they were elected and got control of the Senate they inflicted Work Choices on the Australian people. Now Tony Abbott is saying; when I say I won't bring back Work Choices, that is perhaps a heat of the moment promise that he reserves the right to abandon after the next election.

SPICER: Craig listen, circumstances do change though. Two years ago you gave a speech in WA saying that and I quote: 'slowing down the development of Australia's mining and energy resource industries would be a scandalous wasted opportunity'. Isn't this simply being grossly hypocritical with what your government's doing now with the mining tax?

EMERSON: It wasn't two years ago, it was two weeks ago and it was a speech given to CEDA and I was referring quite explicitly to Tony Abbott's decision to slash the immigration intake which would be very bad for the mining industry in Western Australia and his position that the Commonwealth should not invest in export infrastructure.

There was no mention whatsoever of the resources tax or any other tax in that speech. I wrote the speech. I actually write my own speeches. Tony Abbott says: well if I have a carefully

scripted promise then that is in fact a gospel truth promise, but if it comes out of my mouth and it's not carefully scripted, written for me by my staff, then that's a heat of the moment promise and I'll tell you after the election which one it was.

SPICER: So are you saying there's no risk that this mining tax will slow down the development of Australia's mining and energy resources industries as you said in that speech two weeks ago?

EMERSON: I said nothing about taxation in that speech two weeks ago. As I said to you I wrote the speech, I know what was in the speech and I was not talking about taxation. A properly designed resource super profits tax, just like the petroleum resource rent tax, can be consistent with very high levels of exploration and mineral development in this country. I was involved in developing the petroleum resource rent tax 25 years ago, applied at the same rate of 40 per cent on profit, and it has led to the go-ahead - been consistent with the go-ahead of the Gorgon gas field, the biggest project in Australia's history and the Pluto gas project and the extension of the life on Bass Strait by up to 30 years.

So there's the living proof that a profits-based tax applied at the rate of 40 per cent can be consistent with very high levels of mineral development in this country.

BOCKING: So just in closing, is Tony Abbott the exception to the rule? He is the only politician that says one thing a couple months prior and then opts to do another thing a couple of months later. Is he the exception to the rule, the only one?

EMERSON: He's unique in that he's saying he will not be held to account. He will not be held to account for a promise that he makes after the election because he reserves the right after the election to say that was a heat of the moment promise, not a gospel truth promise. Tony Abbott will simply bring back Work Choices and say I made the promise not to bring back Work Choices in the heat of the moment.

SPICER: Craig Emerson just finally, can you honestly say that you have never told a lie in political life?

EMERSON: Sometimes I have been asked a question about a Cabinet matter and I will not divulge what goes on in a Cabinet discussion. And that is pretty standard procedure across all political parties.

SPICER: But you've never told a lie?

EMERSON: Not that I can think of. I don't think I've ever told a lie in politics but I certainly have not got into the two Tonys world where one

makes the gospel truth promise and the other one a heat of the moment promise. I think that is a very big difference.

By the way Barnaby Joyce has just said: what we have to understand is that Tony Abbott is very new in the job. Now Barnaby Joyce, Tony Abbott's sidekick, says that Tony Abbott is new in the job and we have to basically take account of that. If he's not ready to be the Opposition leader, how can he be ready to be the Prime Minister of Australia? So here's Barnaby Joyce again pulling the rug out from Tony Abbott saying he's too inexperienced at this stage to be Opposition leader. How on earth can he be regarded as a proper candidate to be the Prime Minister of Australia?

BOCKING: All right Craig, appreciate your time.

SPICER: We appreciate your time.

EMERSON: Okay, thanks Tracey, thanks Stuart, all the best.

SPICER: Small Business Minister Craig Emerson.