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**GILLON:** But joining me now is the Small Business Minister Craig Emerson.

Good morning to you.

**EMERSON:** Good morning Ashleigh.

**GILLON:** I know you must be itching to have a whack at Tony Abbott about those comments last night, but can anyone from your government really talk? Trust and credibility aren't exactly strong points for you at the moment, when you consider the back-flip over the ETS, the insulation bungle, the broken promises on child care, private health insurance, the list goes on.

**EMERSON:** Well we are keeping most of our election promises. Some of them we are unable to keep, because they have been blocked in the Senate, including the emissions trading scheme, which was blocked in the Senate by Tony Abbott after a compromise deal was reached with the Liberal Party. Tony Abbott used that to catapult himself into the leadership by getting rid of Malcom Turnbull and, therefore, the passage of the ETS. People say that Fuel Watch was a broken promise - blocked in the Senate. There's something like 50 bills being held up or blocked in the Senate and the Coalition then says oh, you're not keeping all your promises. Well, let them through the Senate and that will help us keep our commitments.

But what we saw last night is two Tonys. There was the gospel truth Tony and the heat of the moment Tony. So which Tony is speaking at any given time when he makes an election commitment? Is it the gospel truth Tony or the heat of the moment Tony? And what he's saying is that you can't trust me, because after the election I reserve the right to say when I made that promise, that was in the heat of the moment, therefore, it doesn't count.

**GILLON:** Do you have some sympathy though, for Tony Abbott, when you consider that in more modern....

**EMERSON:** No.

**GILLON:** ...politics - well the amount of interviews that you guys do...

**EMERSON:** Sure.

**GILLON:** ...on a daily basis, it is easy to get caught up in the heat of the moment.

**EMERSON:** Well let's look at that particular circumstance. What he did is promised in February that there would be no new taxes or increased taxes. This is on the back of a story about how the Coalition was going to fund its alternative to the emissions trading scheme. Now he had plenty of time to think about that. Plenty of time to think about that. Surely a leader in announcing an alternative to an emissions trading scheme, costing \$3.2 billion, would actually think about how they were going to fund it.

**GILLON:** But we can't...

**EMERSON:** But he then says; oh. He was asked and he said; no, there will be no new taxes or increased taxes. Within a month, he had broken that promise because he introduced, promised a great big new tax on everything you buy through his paid parental leave scheme. Look, this is not heat of the moment stuff. But now the Australian people know for sure that Tony Abbott is a big risk. What we saw last night is Tony Abbott melt down, under pressure, sustained questioning, about his capacity to tell the truth and he said there are two Tonys; gospel truth Tony and heat of the moment Tony.

**GILLON:** He's saying that not everything Kevin Rudd ever says can be taken as gospel, or that anything you ever said is any of these interviews can be taken for gospel. That's...

**EMERSON:** Well we're held - we are held to account for them. That is true. We are held to account for them. And what I'm saying is that Tony Abbott says it was a heat of the moment promise. Well he let that promise stand for a month. If he's - if it was a heat of the

moment promise, why didn't he say the next day, oh my God, what have I done; I've said that there will be no new taxes or increased taxes under an Abbott-led government! He didn't do that. He let it stand for a month. Then there was more pressure because people said; how are you going to fund your paid parental leave scheme? And he says with a great big new tax on everything you buy.

**GILLON:** But the point is it's hypocritical for Labor ministers to be saying you can't trust Tony Abbott when we couldn't trust you and your government on a lot of different issues that you made promises about before the last election. Grocery Watch, which is in your portfolio specifically, is just another example.

**EMERSON:** And yeah, that was a promise that we made that we would try to get up a website that was timely...

**GILLON:** And you [indistinct].

**EMERSON:** ...and we could not get that up. But we tried very hard. And that was one of the criticisms that was made - that we tried for a long time to do that. We were genuine about trying to get up a website that would provide timely, accurate information. We didn't say: oh, we made that promise about our Grocery Watch, but that was just a heat of the moment promise and it doesn't count. Now this is what Tony Abbott is saying.

And the crucial issue, in all this, is Work Choices. Because Tony Abbott is now reserving for himself the right to say I won't bring back Work Choices, but he can say; well that was just a promise that I made in the heat of the moment.

**GILLON:** Well last night Tony Abbott made it very clear that that was one of - he said that is gospel. That is something that he's promised he will not do.

**EMERSON:** Oh, this is the gospel truth one today, or last night is it? This is the guy, when he was first elected Opposition Leader, was asked is Work Choices dead. You know what he said? The phrase Work Choices is dead. And he used those eyes. The phrase Work Choices is dead. What he was actually saying, to the Australian people, is you elect me. I reserve the right, later, to bring back Work Choices and I'll say; well that was just made in the heat of the moment.

**EMERSON:** Well Mr Abbott has said that he'd work within the framework Labor has already set up. He just wants to make your...

**EMERSON:** Yeah, and you have this...

**GILLON:** ...transitional arrangements less transitional.

**EMERSON:** He said 'we will work within the legislation that Labor has implemented, but we're going to change it'. You have to change the legislation, and in changing the legislation to permanently entrench individual contracts, Australian Workplace Agreements, he is already breaking his promise. You see last night he said; 'I will work within the legislation'. He's amending the legislation to entrench Australian Workplace Agreements, which he's always loved and wants to bring back. He said that unfair dismissal laws are going for at least for several million working Australians, but he's not going to bring back Work Choices. He is going to remove protections for several million Australians from unfair dismissal. He is going to bring back statutory individual contracts. But he's not going to bring Work Choices. They are the beating heart of Work Choices and last night...

**GILLON:** Well, we do...

**EMERSON:** ...we learned that he will say whatever...

**GILLON:** ...of course, need to wait and see for...

**EMERSON:** ...he needs to.

**GILLON:** ...Tony Abbott to unveil his industrial relations policy, which he has not done yet. I want to focus on...

**EMERSON:** And will this be a carefully scripted...

**GILLON:** ...what the Government is doing now.

**EMERSON:** ...commitment that he makes, or will this be one of those things that he...

**GILLON:** I will bring this up with Ian McFarlane...

**EMERSON:** I'm sure.

**GILLON:** ...but for now let's look at...

**EMERSON:** Move on.

**GILLON:** ...look at what the Government is doing on the resources tax.

**EMERSON:** Yes.

**GILLON:** Did you think the mining industry would respond in the way that it has, that the reaction would be so furious?

**EMERSON:** Well, the mining industry was consulted for a considerable period of time. I'm not sure of the level of detail in that consultation, but it was not...

**GILLON:** Well obviously pretty low, because...

**EMERSON:** Well, I don't think that's right.

**GILLON:** ...they were pretty shocked.

**EMERSON:** I don't think that's right. I think there was considerable consultation with the industry. It should not have been a surprise that the Government announced a resources profit tax. Now...

**GILLON:** So because of that we're you surprised...

**EMERSON:** No, well...

**GILLON:** ...at the level of reaction?

**EMERSON:** Let's just say this; there is a genuine consultation process going on now, as set out...

**GILLON:** After...

**EMERSON:** ...as set out in the response to the Henry Review. A three-stage consultation process, set out in writing, in the Government's response to the Henry Review. That consultation process is well underway. Some 80 different mining companies are engaged in that consultation process.

**GILLON:** Shouldn't that have happened before you made the announcement though? This happened with the emissions trading scheme as well.

**EMERSON:** There was consul...

**GILLON:** You announced it and then had to go back and...

**EMERSON:** There was consultation beforehand.

**GILLON:** ...consult with everyone.

**EMERSON:** There was consultation beforehand. Similarly, and I don't want to just keep going back to the history of the petroleum resource rent tax, there was an announcement of that petroleum resource rent tax and then further consultation on some of the specific design issues. That happened 25 years ago. Of course, the mining industry would prefer to pay less tax than more tax. And, of course, they're going to react to the proposition of a 40 per cent resources profits tax.

But remember the defining feature of mining is that the minerals are owned by the Australian people. They deserve a fair share.

**GILLON:** We understand that point. The Government keeps saying it's willing to compromise with the sector. Martin Ferguson said yesterday he's trying to find middle ground. What exactly is negotiable? Are you ruling out a change to the definition of a super tax, or are you perhaps looking at lowering that 40 per cent tax rate? What is it that you are negotiating?

**EMERSON:** Well there are these so-called transitional issues. That is the treatment of existing capital expenditures on existing projects.

**GILLON:** But are those two points...

**EMERSON:** The tax will apply...

**GILLON:** ...not in those assessments.

**EMERSON:** The tax will apply to existing projects, okay. But the question of the capital expenditures that are counted in that transition, that is a subject of negotiation. The tax will be at 40 cents.

**GILLON:** It will be at 40 per cent. But what about the threshold, that six per cent return?

**EMERSON:** Well let's go into these consultations, as Martin Ferguson said, and see what accommodations we can reach. Let's approach it constructively with the mining industry. Of course there will be public statements. I understand that people get upset about this. And by and large most of those public statements have been reasonably responsible – of course with emotion in them.

But when they start saying - people like Clive Palmer saying this is communism, well that's absurd and it does the industry no credit.

**GILLON:** Look, sorry, just to get back to what you were saying before.

**EMERSON:** Yeah.

**GILLON:** So you're saying that the threshold level of six per cent, that is something that's up for negotiation?

**EMERSON:** Well it's not up for me to - up to me to make a proclamation on that.

**GILLON:** Right.

**EMERSON:** What I'm saying is that the 40 cent rate is fixed. That it will apply to existing projects. I'm not saying that there will, or will not be variations to this up lift factor, or other design features...

**GILLON:** Right, so you're not ruling out any changes to that threshold level?

**EMERSON:** Well I'm not saying there will or won't be. What I'm saying is that it will apply to existing projects and it will be a super profits tax at the rate of 40 cents. Why? Because we've had one for 25 years. The petroleum resource rent tax is at 40 cents and it certainly hasn't damaged the petroleum, mineral and exploration and development industry.

**GILLON:** The unions, of course, are taking Labor's side. No surprises there. It's launched a new campaign supporting the tax. But there's no guarantees is there, that no jobs will be lost as a result of the new mining tax?

**EMERSON:** Well this profits based tax replaces production based royalties. And what I can tell you about production based royalties is that they do cost jobs. And the reason is because they do not - they're not sensitive...

**GILLON:** We're talking about your tax. There's no guarantee...

**EMERSON:** I'm saying that you're replacing...

**GILLON:** ...that your tax would cost jobs.

**EMERSON:** ...we're replacing - we're replacing a tax that does cost jobs, with a tax that need not cost jobs, because it's a profit related tax. And, indeed, in terms of exploration, it can lead to more exploration in this country through the subsidy arrangements that we're providing there. But I can certainly tell you that the taxes that it is replacing do cost jobs and states - now the Western Australian government - are ramping up those taxes that are based on the amount of mineral that is extracted from the ground, with no regard to profitability. That costs jobs.

**GILLON:** Will those planned increases and state royalties be refunded under your plan?

**EMERSON:** Yes, they will.

**GILLON:** The increases in state royalties?

**EMERSON:** Well, again, I'm not going to say about the most recent increases, because frankly I'm not sure about that. These are matters for the Treasurer and the Resources Minister, Martin Ferguson. But we have said that existing royalties will be rebated and scheduled increases in those royalties will be rebated.

**GILLON:** Just very quickly, a former Labor staff member, who's worked for Brendan O'Connor among other people, has told The Age newspaper today that he systematically rorted ALP branch membership numbers in Melbourne over the past decade. Do you think branch sacking is a problem for Labor?

**EMERSON:** Look, I think wherever you go and whatever the party, there will always be problems within political parties, within the internal workings at branch levels. It doesn't mean it's widespread. It doesn't mean it's endemic. But we've seen here in New South Wales the stoush between Alex Hawke and Mr Clarke and all this sort of stuff. And people being bussed into meetings.

Look, as long as I've been in politics those sorts of things have gone on. It's not by any means confined to the Labor Party. The Coalition, the Greens, we've seen it happen from time to time. I don't think it's actually widespread in any political party.

**GILLON:** We hope not Craig Emerson. Thanks for your time this morning.

**EMERSON:** Thank you very much.