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Transcript  
2CC Breakfast with Mark Parton  
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E&OE

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*Subjects: Malcolm Fraser, Tony Abbott, Petroleum Resource Rent Tax, Barnaby Joyce.*

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**PARTON:** Dr Craig Emerson Minister for Small Business, Competition Policy and Consumer Affairs tends to join us this time on a Wednesday morning. He's on the line right now, G'day Craig.

**EMERSON:** G'day Mark.

**PARTON:** Malcolm Fraser for some reason is dominating the news this morning and I don't really know why because I don't think it's a great revelation really, anyone out of conversation with Malcolm at the start of the year or certainly when Tony Abbott took over would have been well aware of the fact that he just wasn't wearing that blue jumper.

**EMERSON:** Yeah look, I think it's that these ads that Tony Abbott put to air with the arrows coming in from Asia - it's reminiscent of the old Bob Askin days. The red peril and the yellow hoards. And Malcolm Fraser always has been very strong on, well let's call it a humanitarian approach to international affairs, and obviously he thought that was just way beyond the pale. And there's no doubt, no doubt Mark, that there's been a shift under Tony Abbott to extreme policies right around the place. He's - on climate change - he's called that 'absolute crap'. He's said that he wants to abandon the name Work Choices, but he's going to bring back the key elements of Work Choices so -

**PARTON:** But - but Craig

**EMERSON:** - that's the truth, that it is a big lurch to the right.

**PARTON:** In reference to Malcolm Fraser, I mean he just he hasn't really been on that train for a long time anyway has he? I mean there are those that that -

**EMERSON:** I think, yeah I think he tolerated John Howard but this is another step to the right.

**PARTON:** Mmm. I mean there are those, there are many in the conservatives who are sort of saying good riddance, well you know that's fine, out the door you go Malcolm. You weren't here for a while anyway.

**EMERSON:** Well I think that might be right but the shift to the right of the Liberal Party is a concern because it means they're embracing extreme policies. And the people of Canberra I know don't like that -

**PARTON:** I don't think it necessarily does mean that they're embracing extreme policies I just think it means -

**EMERSON:** Bringing back Work Choices.

**PARTON:** I think it just means that there is now an ideological, a clear ideological difference between the two parties.

**EMERSON:** You can say that again.

**PARTON:** And that's why Craig I was actually backing when it came to that leadership challenge situation, I was backing Tony Abbott.

**EMERSON:** Well certainly, the Australian people do have a very clear choice: to go from a moderate government with a plan for the future to a government under Tony Abbott that is extreme. You know, he gouged a billion dollars out of the public hospital system. He believes climate change is crap and he wants to bring back Work Choices.

**PARTON:** You see -

**EMERSON:** They're the sorts of choices the Australian people have.

**PARTON:** We're talking about gouging money out of the public purse as well, but along different lines. Now Craig your name was mentioned in vain earlier this morning I was chatting to Ben Mitchell -

**EMERSON:** Oh no.

**PARTON:** Ben Mitchell from the Minerals Council.

**EMERSON:** Oh yeah.

**PARTON:** And what I'll do is I'll play some of the discussion that we had so you can get it in its context

*Excerpt*

*[PARTON] "Craig Emerson's been on this program and twice pointed out that we had a similar barney in this country a couple of decades ago over a similar tax impost when it comes to, to oil and gas and there was a suggestion from the players involved there that there'd be doom and it'd be the end of the industry, and it wasn't."*

*[MITCHELL] "Well that's a very interesting point because the only gas Australia exports for the liquid natural gas we export comes from the north west shelf and that is not covered by the Petroleum Resource Rent Tax which was introduced in the 80s so that's a little bit of spin from the government"*

**PARTON:** Ben Mitchell from the Minerals Council. How would you respond to that?

**EMERSON:** I would hope that he's aware of the Gorgon Gas Project that has been given the go-ahead, probably Australia's biggest ever export project. I'd hope he's aware of the Pluto Project that has been given the go-ahead. And I hope he's aware of more than a dozen oil and gas projects that are proceeding and already producing under the Petroleum Resource Rent Tax. Including that little bit of land or sea just south of Melbourne called Bass Strait that produces a lot of oil and gas, and whose life has been extended by 20 to 30 years under the Petroleum Resource Rent Tax. So let's not talk about spin when we're ignoring two of the biggest projects Australia's ever seen, plus Bass Strait operating under a PRRT. That's Minerals Council spin.

**PARTON:** Could it not be argued though that without that petrol and gas resource tax that, that industry might well have been in better shape over the last 20 years?

**EMERSON:** No and I'll tell you why. There was in place a set of royalties, Mark, and a crude oil levy, both based on the amount of oil or gas produced. And that's very distorting. That's an economic term, but it basically means you pay that before you make a profit. So every barrel of oil, every unit of gas produced bears that royalty or that crude oil levy. And the Bass Strait partners were telling us that they would have to shut in a number of the oil fields in Bass Strait under the old royalty and crude oil levy regime and it was because we introduced the Petroleum Resource Rent Tax – and they actually asked us for it, asked us for it – and we agreed with them, yes put the Petroleum

Resource Rent Tax on Bass Strait. The companies actually asked for it Mark. I think that tells the story doesn't it.

**PARTON:** This super tax debate has become a war of spin and I'm sorry, I think it's the war of spin to some extent from both sides, because we're wheeling out experts and economists and all sorts of people with different points of view seemingly.

**EMERSON:** Well that's true that there's a lot of views being expressed in the public and it's not a surprise. Obviously the mining industry itself would rather not pay more tax. I don't know where the Coalition is on this. Their campaign, their scare campaign, is increasingly chaotic and confused. We had Julie Bishop a couple of days ago saying the mining industry pays its fair share of tax, contradicted yesterday by Barnaby Joyce. When asked about that he said 'no, not at all', 'we can have a sensible negotiation' and 'to say that there's not the capacity to change the tax is not right'. That's Barnaby's words. And now today I understand on the Allan Jones program Tony Abbott is saying they pay more than their fair share of tax. So what's he offering, a tax break for the mining industry? So they're all over the place, this is a gaffe-a-thon.

**PARTON:** Barnaby Joyce has come out overnight and he wants to bet Federal Treasury boss Ken Henry \$1,000 that the government fails to deliver its \$1 billion budget surplus. And you know, with Barnaby he's actually quite serious about this. Do you think that Ken's gonna, you think there's any chance whatsoever, and surely there's not, that Ken will say; oh yeah all right Barnaby, I'll go ya a grand and let's double it up and make it two!

**EMERSON:** No, I think Ken, I think Ken would probably think it's not the appropriate thing to bet, bet on the budget, or anything else knowing Ken. I don't think he's a big punter on Saturday afternoons at the Canberra Racetrack or over at Queanbeyan. But look, those budget forecasts are prepared by Treasury, you know they're, that's the basis on which we go forward. And it's all right for Barnaby to, you know, make assertions about what might happen in the future. He's in enough trouble with his friend or ex-friend Andrew Robb. They had a stoush just the other day, and he was asked about that, and I'll tell you what Barnaby said about Andrew –

**PARTON:** What'd he say, what'd he say?

**EMERSON:** He said: 'He rang me up and was very, very you know, apologetic, and so he should be, how dare he run me down like that, bugger him!'

**PARTON:** Err all right.

**EMERSON:** So all is not well in the Coalition party room.

**PARTON:** Craig thanks for your time this morning.

**EMERSON:** Righto Mark, thanks.

**END**