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**GILBERT:** Good morning and welcome to AM Agenda. This morning, the Government's advertising back-flip. It set the rules, then proceeded to exempt itself from those very guidelines. Coming up on the program I'm going to be chatting about that and the broader mining tax debate with our panel: the Parliamentary Secretary for Innovation and Industry Richard Marles and the Liberal MP Jamie Briggs. First though on the program joining me is the Small Business Minister Craig Emerson. Minister Emerson thanks very much for joining us.

**EMERSON:** My pleasure.

**GILBERT:** The Government set these rules, then proceeded to exempt itself from the rules. This is, this is not a good look is it?

**EMERSON:** Well under the arrangements that were established there was capacity for an exemption in particular circumstances which include extreme urgency or other compelling reasons. Senator Ludwig, as I understand, granted the exemption on the basis of extreme urgency and part of that urgency was the fact that there is now a very misleading scare campaign being orchestrated, amongst others, by Tony Abbott, but also Clive Palmer who confirmed yesterday that's he's a major donor to the Liberal and National Parties, and said yesterday that his objective is not to change the tax but to change the Government of Australia.

**GILBERT:** But you set the rules, you set the rules, then you break the rules and the fact is you campaigned so heavily on this issue at the last election. Kevin Rudd made such a big deal out of reforming government advertising, he

was going to cut it back, no political advertising and then now \$38 million before this thing is even legislated.

**EMERSON:** Well as I said in the rules that were established - and they were there for all to see - there was a capacity for exemption under particular circumstances including ...

**GILBERT:** National emergency was one – extreme urgency ...

**EMERSON:** ... and other compelling reasons. Now extreme urgency ...

**GILBERT:** Like political disasters ...

**EMERSON:** Compelling reasons. It doesn't say that and that's not the argument. The argument is that there is a misleading campaign being conducted right now which involves talking the economy down, saying that everyone will lose as a result of this, that the Australian economy will be damaged as a result of the Resource Super Profits Tax. And interestingly, if that were anywhere near a balanced campaign, what's going on at the moment, they would at least say that the revenue from the Resource Super Profits Tax is being dedicated to cuts in the company tax rate for every company in Australia, mining and non-mining, small business tax breaks, expanding superannuation from 9% to 12% for every working Australian and investing in nation-building infrastructure.

**GILBERT:** But see, but that, but see that's what you're doing right now. On this form of media you're doing it ...

**EMERSON:** Yes I am, yes.

**GILBERT:** ... you're advocating the case. Why doesn't the Government think it can sell its policies well enough that you've got to resort to paying \$38 million in advertising?

**EMERSON:** Well we believe that damage can be done and may well be done to the Australian economy from a misleading scare campaign which says the introduction of a Resource Super Profits Tax will damage everyone, will damage the Australian economy, will drive investment offshore. And as you may recall Kieran, I've said before that these were the same arguments that were being mounted about the Petroleum Resource Rent Tax and none of that happened.

**GILBERT:** But, but ...

**EMERSON:** None of that happened.

**GILBERT:** Okay. Well let's look at that. Did, did, how much did the Hawke Government spend in advertising at that point? Or did it back itself to sell the tax changes?

**EMERSON:** Well it was a very long time ago and I frankly don't remember what arrangements were put in place in terms of the promotion or the, you know, the explanation of those changes. But we're now 25 years later and we're in a situation where there is an orchestrated scare campaign funded at least in part by Clive Palmer whose stated objective is not to change the tax but to change the Government of Australia.

**GILBERT:** Is this a concession that the Government can't sell its policies though?

**EMERSON:** No it's not. It's an indication that we believe the Australian public deserves to know more about the Resource Super Profits Tax and the benefits that will flow from it, not just for them personally but for the economy. And so you've got at present a campaign which says the Resource Super Profits Tax will damage the economy, drive investment overseas and affect adversely every Australian. Now, if that campaign were to make any pretence at balance whatsoever they would have said 'but of course, on the other hand there are some benefits from the Resource Super Profits Tax'. We don't believe it'll do any of these adverse things but we certainly know that the Australian people deserve to understand that the Resource Super Profits Tax is being applied for a particular reason, and that is to improve the competitiveness of all Australian companies.

**GILBERT:** Okay. The Government doesn't win any friends though, or any confidence when the way that it was announced was Friday afternoon, it was at the end of the Senate Estimates. Joe Ludwig, the Minister responsible, waits until after the Senate Estimates committee which he's before, wraps up to announce it and so avoid scrutiny. It's not, it, it, certainly doesn't create a sense of credibility.

**EMERSON:** Well the Senate itself is master of its own destiny, and I've read in the newspapers, as you would've today, that the Senate, or at least several parties in the Senate, are looking to have a look to examine this. Well it's not for me or anyone else to tell the Senate what to do, and if I tried to they'd tell me to go and get lost so, I'm sure they can chart their own course.

**GILBERT:** But Joe Ludwig should have been a bit more upfront, he should have been a bit more upfront and do it before he made the decision Monday. Announces it Friday after the Senate Committee wrapped up. It, it, doesn't reflect well on the Government, that sort of behaviour.

**EMERSON:** Well as I said, there, there is provision for an exemption and an exemption in cases of extreme urgency. We believe that it has now become extremely urgent for this information campaign to be launched in order, amongst other things, to counteract a highly misleading campaign that is being orchestrated by people like Tony Abbott and like Clive Palmer, two of the only people in Australia who believe that the mining industry already pays more than its fair share of tax.

**GILBERT:** Rio Tinto, Rio Tinto believes that the Government is misleading and if you look at the statement made by Joe Ludwig he says the changes affect the value of capital assets and impact on financial markets. This is in direct contrast to what we've heard from the Prime Minister day in, day out. He says that the markets have been all the Eurozone instability ...

**EMERSON:** Yeah and, and ...

**GILBERT:** ... nothing to do with the mining tax.

**EMERSON:** ... and let me explain that. The ...

**GILBERT:** Please do. Because it looks like they are in direct contradiction.

**EMERSON:** The campaign that is being waged - our concern - does and can affect the value of markets because of assets. Why? Because the campaign is saying that every Australian will lose as a result of the Resource Super Profits Tax, that the economy will be damaged. Now, that's not the Resource Super Profits Tax, that is the campaign, the misleading campaign alleging that the world as we know it will end, that the economy will be badly damaged. And therefore it is a misleading campaign. We're not so ...

**GILBERT:** But Mr Rudd doesn't concede that.

**EMERSON:** No we, we ...

**GILBERT:** Kevin Rudd doesn't ...

**EMERSON:** Absolutely we do concede that this ...

**GILBERT:** Kevin Rudd has been saying the turbulence on the market's all the Euro zone.

**EMERSON:** We do concede that this is a misleading campaign, absolutely we concede that. Our point is that the campaign itself is damaging the Australian economy, not the Resource Super Profits Tax.

**GILBERT:** But Kevin Rudd has not said that the campaign has been responsible for the turbulence on the markets, what he has said in Parliament last week was that it was about the Eurozone international instability ...

**EMERSON:** Yeah, no, no, no ...

**GILBERT:** He's said this day in, day out.

**EMERSON:** Here's the distinction. What we are saying is the Resource Super Profits Tax is not responsible for the impact on Australian share prices, the value of the Australian dollar and so on because that is overwhelmingly as a result of what's going on in Europe and also, by the way, a tightening of monetary policy in China. And so what we're saying is that in terms of the

Resource Super Profits Tax, that is not damaging the Australian economy, but this misleading campaign is damaging the Australian economy because it's not telling the truth about the Resource Super Profits Tax, nor it is telling the truth and doesn't even deal with the benefits of the revenue being generated from the Resource Super-Profits Tax in terms of ...

**GILBERT:** That, that, that makes sense but Kevin Rudd hasn't said that ...

**EMERSON:** ... cuts in the company tax rate.

**GILBERT:** Kevin Rudd hasn't conceded that.

**EMERSON:** No, what Kevin Rudd has said is that the campaign is misleading. I agree with Kevin Rudd, it is misleading.

**GILBERT:** [inaudible] impacted the market.

**EMERSON:** Well what we're saying is that the, as Senator Ludwig said in his answer there in his explanation, that this misleading campaign has all the capacity to damage the Australian economy because it is false and misleading. It is, has the capacity to affect asset prices, not the Resource Super Profits Tax itself but the misleading campaign.

**GILBERT:** Craig Emerson as always, appreciate your time.

**EMERSON:** Okay thanks Kieran.