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E&OE

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*Subjects: Tony Abbott, Resource Super Profits Tax*

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**EMERSON:** I just want to begin by reading to you some remarks that Tony Abbott made today when asked about how a product, how the tax would interact with it at a quarry. Mr Abbott: *“well, well the tax, the tax, the tax falls on everything which is extracted from the ground.”*

With that statement Tony Abbott demonstrated that he is the most economically illiterate aspirant to the Prime Ministership in Australia's history.

Mr Abbott does not understand the most basic principles of tax policy or of economic policy. He is economically illiterate, he has said that he is bored with economics, he has told colleagues that he doesn't have the interest in economics that they have, and by this one statement Mr Abbott has demonstrated that he is a risk to the Australian economy because he doesn't understand the most basic principles of tax policy or of economic policy. Mr Abbott has today confirmed that he is the most illiterate, economically illiterate aspirant to the Prime Ministership in Australia's history. He said some time ago: *“I have never been as excited about economics as some of my colleagues”*.

You can say that again. Tony Abbott is completely bored with economics, he has no interest in economics and his economic illiteracy has been demonstrated again today. He fails Economics 101 through his ignorance of the most basic principles of tax policy, the most basic principles of economic

policy. And that's why Tony Abbott is a risk to the Australian economy.

**QUESTION:** Can you guarantee that the mining tax, the proposed mining tax will not cost one single job in Australia?

**EMERSON:** The economic modelling in fact shows that the mining Resource Super Profits Tax will expand mineral production in Australia, will lead to an expansion of mineral production in Australia and indeed to an expansion of employment in the mining industry. And the reason for this is that the Resource Super Profits Tax is a tax on profits and not a tax on production.

This is the most basic, fundamental, simple principle that Tony Abbott doesn't understand. In Question Time today when Mr Rudd said that the Resource Super Profits Tax is a tax on profits, that was greeted with surprise by the opposition. If that's the case why did they preside over the continuation of the Petroleum Resource Rent Tax for 12 years under their Government that collected \$16 billion for the Australian people? If they are opposed to taxes on mining profits why did they not repeal the Petroleum Resource Rent Tax?

And further, to answer your question, under the Petroleum Resource Rent Tax jobs have expanded in the petroleum sector in Australia. The Gorgon Gas project has been given the go-ahead. The Pluto Gas project has been given the go-ahead, and in the case of Bass Strait, which again goes directly to your question, those fields, many of those fields were going to be shutting under the pre-existing regime, which was actually a tax on every barrel of oil extracted. It was called the crude oil levy and there was also an ad valorem royalty. And it was the removal of the crude oil levy and the ad valorem royalty and its replacement with the Petroleum Resource Rent Tax that has been associated with the extension of the life of oil and gas production in Bass Strait by at least 30 years.

**QUESTION:** Minister do you think there's any likelihood that Tony Abbott saying this tax is just too complex, it's too hard, it's too complex is going to gain any traction out there in the community and they might agree with him that it is too hard? That it is too complex and the Government should...

**EMERSON:** Well I can tell you this; this tax and any tax is too hard and too complex for Tony Abbott. Because Tony Abbott has no interest in the most basic principles of tax policy, the most basic principles of economic policy, and he's demonstrated that today by asserting that the Resource Super Profits Tax is a tax on extraction. A royalty is a tax on extraction whether it's based on the volume or the value of the product extracted, and we would

be removing royalties and replacing them with a tax on profits just as the Petroleum Resource Rent Tax is a tax on profits.

Tony Abbott has revealed that all tax policy, all economic policy is too hard and too complex for him because he's bone lazy and economically illiterate.

**QUESTION:** Do you think that Labor's attack - attacks against Tony Abbott and Tony Abbott's attacks against Labor have forced voters or urged voters or encouraged voters to switch off both the major parties?

**EMERSON:** Well what I can say is that the Australian people are coming to understand that Tony Abbott is a risk to the Australian economy through his confession that unless it's all written down and carefully scripted for him he will say anything under pressure, say anything under pressure in an interview. And even when it is all written down and carefully scripted for him he reserves the right to walk away from the policy.

**QUESTION:** But while the Labor - but while the Liberals are experiencing a bit of a slump in the polls as much as Labor, Labor's slump seems to be a lot more aggressive.

**EMERSON:** Well we do know that at the moment there is a very very well-funded scare campaign. We have people like Clive Palmer out there saying that his objective is not to change the tax but to change the Government of Australia. If you have a well-funded and well-orchestrated scare campaign then perhaps that can have an impact.

But the point is, we are committed to tax reform in this country. It has always been the Labor Party and Labor Governments who have been committed to tax reform in this country, and to back that up we need look no further than the Petroleum Resource Rent Tax vehemently and viciously opposed by the Coalition parties on behalf of the oil and gas producers and explorers of this country. We need look no further than the great 1985 tax reforms that introduced a completely reformed system that cut the top and second top marginal rates of tax. Historic reductions in those tax rates by repairing the tax base again vehemently and viciously opposed by the Coalition parties. And now we're doing tax reform again vehemently and viciously opposed by the Coalition parties.

We remain committed to tax reform because that's what Labor Governments do. We are a reforming party and we will not be deterred by Tony Abbott's ignorance of economic policy and his collusion with the Clive Palmers of this world to try to change the

Government rather than front up to the reality that Australia needs tax reform.

**QUESTION:** Miners are meeting in Canberra tomorrow as part of their Minerals Week.

**EMERSON:** Yes.

**QUESTION:** Do you think that Labor will be able to convince these miners to your point of view?

**EMERSON:** Well as you know there are formal consultation processes going on and many companies have engaged in those consultation processes as set out in the response to the Henry Review. The Minerals Council is having a dinner tomorrow night, and that's a good thing. I'll be attending and participating in that dinner. I will talk to people in the mining industry, but I'm not a negotiator. I don't think it will be a basis for people persuading each other one or the other. But they are welcome here in Parliament House, the Minerals Council and the miners of this country are welcome always. We don't own Parliament House anyway, we are just ourselves, the government of the day. But they are welcome, but we have a different point of view.

Now that's reasonable because we will not - we will not relent in our quest for tax reform of the minerals industry in this country, just as we would not relent when a similar campaign was launched back in the mid-1980s to try to deter the Hawke and Keating Governments from tax reform, both through the Petroleum Resource Rent Tax and through a major overhaul of the tax system that led to reductions in marginal rates of income tax.

**QUESTION:** How concerned are you that Labor's primary vote has slipped to 35 percent and there's now the possibility of a hung parliament at this year's election?

**EMERSON:** We are committed as a reforming government, and as a reforming government sometimes that costs you some support for some time. This happened in the Hawke and Keating years, but I think in the end the Australian people understand that governments are there not just as custodians and watch the world go by, not just as spectators watching the world go by, as lazy politicians watching the world go by, but as reformers. And we are a reforming party and we're determined to reform the tax system as it applies to minerals in this country.

Thanks very much.

**END**