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Transcript
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Kieran Gilbert interviews Dr Craig Emerson and Senator George Brandis

E&OE

Subjects: Resource Super Profits Tax, Afghanistan, Polls, Asylum Seekers.

GILBERT: Good morning and welcome to AM Agenda. The Prime Minister heads to Perth tonight for talks with the mining industry. Can he make any progress in this debate which is causing so much political damage for the government particularly in those resources states – Queensland and WA? Coming up on the program from Brisbane the Shadow Attorney-General and the Deputy Opposition Senate Leader George Brandis. Also this morning the Small Business Minister Craig Emerson joins me here in the Canberra studio. Mr Emerson thank you very much for your time.

EMERSON: As usual, my pleasure.

GILBERT: How important is it that the government secures a resolution to this and a compromise sooner rather than later?

EMERSON: Of course we want a resolution of it, but it's a major tax reform Kieran, and the proceeds from the Resource Super Profits Tax are going to be dedicated to lifting Australia's national savings effort which is important to securing our long-term future, but also small business tax breaks and investment in nation-building infrastructure. Of course we would like this resolved. I think some mining companies are pretty keen on that. Others, such as Clive Palmer is pretty much dedicated not to changing the tax but to changing the government. Xstrata has been exaggerating

the claims that it's been making about whether it's sacking people or whether these jobs ever existed in the first place. So I think I'd be urging the mining industry to get around the table. Some of that's going on right now.

GILBERT: Well if you think they're misleading, if you, it's a pretty serious claim ...

EMERSON: Exactly. Yeah.

GILBERT: ... it's a pretty serious claim though to, you know, their statement last week referred to, you know, prospective job losses and ...

EMERSON: No. it said 60 contractors have lost their job. They said 60 ...

GILBERT: That's their statement?

EMERSON: Yes that's right.

GILBERT: And that's what was reported at the time.

EMERSON: And 60 contractors had not lost their jobs. They were not engaged at the time. There were job offers that they hadn't ...

GILBERT: Well was there any – okay if that's false ...

EMERSON: ... lost their jobs, and what I'm concerned about ...

GILBERT: ... if that's false is there anything the government can do under the law if you believe they're misleading or exaggerating or whatever, they're exaggerating shareholders and the market, is there –there's gotta be some ...

EMERSON: Look – yeah, look I ...

GILBERT: ... scope under the law.

EMERSON: ... would be surprised if that, in and of itself, were a violation of their obligations under the law. But they allowed a story to run for a week in North Queensland, with the story being that a whole lot of people have lost their jobs and it wasn't true. It wasn't true. Now it's been clarified today, a week later. Clive Palmer running around, you probably saw him on television saying 'well I probably did over stretch it, um you know, we're not canning this project, we're not cancelling these projects, we're just stepping back for a while to see how this mining tax runs out'. Now all I'm saying is that there are a lot of responsible elements of the mining industry. Major companies, get around

the table with the government, but understand that we are committed to tax reform and the Resource Super Profits Tax.

GILBERT: Well you talk about those that have been stretching the truth and so on; some would suggest the government has been doing the same. I just want to play you a little bit of the concession last night by the Treasurer that the – some mining companies will actually pay up to 58 cents in the dollar in tax. This was the Treasurer last night on the ABC.

[Excerpt: Treasurer The Hon Wayne Swan MP]

“...there would be some super profitable companies that could reach that level. Some of the concerns are legitimate and that’s why we said we would work our way through all of the issues...”

So the Treasurer in Parliament, Craig Emerson, talks about marginal tax rates of 17 per cent and then in ...

EMERSON: No.

GILBERT: ... a comment there says 58 per cent.

EMERSON: That’s not right. What the ...–

GILBERT: He’s already said 17 per cent.

EMERSON: No, you said marginal tax rates of 17 per cent.

GILBERT: Well he refers to figures, tax rates, of 17 per cent.

EMERSON: Let me clarify for your viewers ...

GILBERT: Okay.

EMERSON: ... what he was talking about is the total amount of tax paid by companies on their income generated. That’s different from a marginal tax rate, which is the tax rate on any extra dollars earned. They’re very different concepts ...

GILBERT: All right, all right well let’s look ...

EMERSON: ... and the 58 cents is – does not revise earlier figures. What the 58 cents says is that if a company is making very large profits then of course a profits-based tax will take a share of that revenue for the Australian people. That’s what a profits-based tax is meant to do.

GILBERT: So you’re saying it’s not 58 per cent of their entire revenue, it’s just on the profits – 58 per cent.

EMERSON: Exactly. And you see this is the point – a royalty, which is based on the value of production, cuts in before a company has made \$1 profit, before it has made \$1 profit. So if a company made \$1 profit, just \$1, that royalty would be many hundreds of per cent of that profit that it has made.

GILBERT: But doesn't it come down to, what's been focused on, the number that's been used like the Treasurer did last? In recent weeks in Parliament, referring to that 17 per cent figure the lowest possible figure rather than pointing to the fact that under the new regime companies would be paying up around 60 per cent.

EMERSON: Well they're very different questions. What are the companies paying now as a share of their income or profits? That's one question. Under the current arrangements what could they be paying on extra dollars that they earn under the Resource Super Profits Tax? A different question. So you get a different answer to a different question.

GILBERT: Okay we've got George Brandis joining us in Brisbane. Senator Brandis, Craig Emerson's been making a lot of it this morning. I want to get your thoughts. Xstrata the Swiss mining company has issued a clarifying statement in which it concedes that no jobs were actually lost in those projects which it said were suspended last week in your home State. What's your reaction to that?

BRANDIS: Well I haven't inspected the Xstrata statement but my understanding Kieran, is that a new development which would have created 3,250 new jobs will not be proceeding. What – I've listened carefully to what ...

EMERSON: Well that's not true.

BRANDIS: Please Craig I listened to you without interruption for ages. What is – I listened carefully to what Craig has been saying and what is so obvious Kieran, and it must be obvious to your viewers is that the government remains all over the place in relation to this tax and no wonder the industry is confused. You have the Treasurer and the Prime Minister in Parliament saying the effective tax rate of the mining companies is 17 per cent. You have Mr Abbott claiming that under the new tax rate, um regime mining companies will be paying 58 per cent and the Prime Minister saying that's wrong, wrong, wrong. And the Treasurer last night on Four Corners conceding that was in fact right. Now, you know, the government is wasting \$38 million of taxpayers' money with a political propaganda campaign about this tax, mis-described as an information campaign, yet it can't even get the

basic facts about its own tax rate, its own tax. It can't even get the most basic fact of the lot, the tax rate, right.

GILBERT: But you know Senator Brandis there have been other obviously exaggerated claims made. Clive Palmer conceded as much last night on that same broadcast.

BRANDIS: Well I don't know ...

GILBERT: That he had exaggerated the claim of the tax on his business.

BRANDIS: Well look perhaps. Mr Palmer is a private citizen. He's not a politician and neither you nor Craig nor I sit on the boards of any of Mr Palmer's companies. So how can any of us speculate about what commercial considerations those boards had regard to? What we do know is that, as Mr Palmer said last night, that they have very grave concerns about the future of billions of dollars of investments in Australia, particularly in the iron ore provinces in North West of Western Australia as a result of that tax. And whether Mr Palmer used the words suspended or postponed or delayed I think really is neither here or there. The point is that this tax and the uncertainty about it and the overtaking of the public policy dimensions of it by a purely political propaganda campaign by the Rudd Labor Government is having a terrible chill effect on Australia's most profitable industry.

EMERSON: Now Kieran ...

GILBERT: Okay I'll let you respond, but isn't that true that across this industry they are talking about projects being suspended - on hold - and the government, as much as you want to say it's rhetoric and so on, this industry has been you know the backbone of the economy for a long time?

EMERSON: Scare campaign is the best way to describe it. George just joined the scare campaign. Clive Palmer conceded that, when he said 'canned', he didn't mean that the projects had been cancelled. George just said that Xstrata has cancelled projects that would have employed 3,200 people. Completely wrong, but it suits the Liberal and National Parties to run their scare campaign.

BRANDIS: Well it's actually what Xstrata said ...

EMERSON: It is not. They did not cancel ... they have not cancelled these projects. And George, you know that. You know that George. But rather than get to the truth, you would rather join in the Clive Palmer, Xstrata and other scare campaign. Let's have responsible debate on this. It's legitimate to have responsible

debate, not to be clouded for base political purposes by Tony Abbott and George Brandis making false statements on this program this morning that Xstrata has cancelled projects that would have generated 3,200 jobs. Not even they said that.

GILBERT: Senator Brandis?

BRANDIS: Well that's precisely what they said when they made their announcements in relation to the Ernest Henry mine at Cloncurry, and that they had cancelled further developments that would have employed 3,250 people. But there's a broader story here you know Kieran. I've been listening to Craig rant on for the last little while and what is so obvious is that you have the Australian Government at war with Australia's most prosperous industry. I mean, what way is this to run a country? What have we come to when to government is at war with our most prosperous industry which is the backbone of all the superannuation funds and so much of the wealth of Australian citizens?

GILBERT: Okay. Senator Brandis. Let me put that to Craig Emerson; because that's certainly something that's coming through from members of your backbench. People worried that it's impacting the economic credibility of the government. That you did well through the downturn, but this might be chipping away at your economic credentials.

EMERSON: Well as I say the proceeds of this Resource Super Profits Tax, which is a sensibly-based tax that is based on profits not on production, are going to boost our national savings and provide incentives for businesses small and large. That's an investment in the country's future. But the truth is ...

GILBERT: You don't want this ugly fight because, as Senator Brandis said, it's an ugly stoush isn't it right now?

EMERSON: Let's talk about tax reform. I don't remember any tax reform exercise in this country's history where industry has said 'oh okay fair cop we'll have tax reform and we'll have changes to the way we pay tax'. The big reform of 19 ...

BRANDIS: I remember one and it was called the GST.

EMERSON: Yeah and the industry ...

BRANDIS: Which was welcomed by industry. A tax reform that the last Labor government ...

EMERSON: By Australian people George? I'm saying ...

BRANDIS: ... the last Labor government didn't have the courage to implement but John Howard had the courage to go to an election to fight, to get a mandate from the Australian people ...

EMERSON: So you're saying it was controversial.

BRANDIS: ... and implement it and you have now embraced. It wasn't condemned by industry which is the point you just made.

EMERSON: George can I have a go or not. I said it was controversial and I was about to, before you again interrupted and tell me not to interrupt you and you again interrupted, I was going to say in 1985 the major tax reform which involved repairing the holes in the income tax base the rorts where business people were taking each other out at taxpayers' expense, charging up private school fees and golf club fees at taxpayers' expense, we repaired that base. And as a result of that we reduced the income tax rates and provided more incentive for people to get on and get reward for effort and risk taking and entrepreneurship. And you know what? Business hated it. Business hated it because we were taking away those benefits that they'd become used to. You know who else hated it? The Liberal and the National Parties.

GILBERT: Okay. Senator Brandis I want to get your reaction to - and this was something that came up at that ABC report last night about the history of taxation in the mining sector and you look back at Mabo the Petroleum Resource Rent Tax, every step along the way they fight and they fight incredibly hard to save and protect their patch. Is this just not another example of high-blown rhetoric and the fear campaign that the government talks about?

BRANDIS: Well first of all I don't think there is a fear campaign and secondly I make the point to you, can I make the point to you Kieran that any taxpayer, either individual or corporate, is entitled to defend their interests and is entitled to make an argument as to why their rate of tax ought not to be increased. But on this occasion what we have is something of an entirely different dimension. We have a government which with absolutely no consultation with the industry ...

EMERSON: Untrue.

BRANDIS: ... has dumped upon it with absolutely no consultation. You should have heard the Prime Minister on AM yesterday morning Craig when he made that very point he said 'we began consulting the industry the day the Henry report was released'. So this decision was made then you decided to consult with the industry....

EMERSON: There were discussions with the industry beforehand.

BRANDIS: Well you should have told the Prime Minister about them because that's not what he said.

EMERSON: He knows ...

BRANDIS: Yet more confusion.

GILBERT: All right.

BRANDIS: So you have this fundamental change to the tax structure of an industry which will make large elements of this industry unviable with no consultation, with no proper process as even Sir Rod Eddington pointed out last week.

GILBERT: Okay let's just take a quick break on this. There's much more to get across ...

EMERSON: And remember WorkChoices, Kieran. That was going to bring the world down if we got rid of WorkChoices. Remember that the mining industry saying that. Yeah I remember it very well.

GILBERT: We're going to move on now Senator Brandis and Craig Emerson. We've got a few other issues we will need to get across including some reports of some terrible violence in Afghanistan overnight so we need to take a break and we'll be right back.

[Advertisements]

GILBERT: Thanks for being with us this morning on AM Agenda. With us in Brisbane is Deputy Opposition Leader in the Senate, Senator George Brandis, and with me here in the Canberra studio the Small Business Minister Craig Emerson. Now a sad story this morning, events in Afghanistan over the last 24 hours, this is news just coming in in the last hour or so, one of the bloodiest days for law enforcers in months. Ten NATO servicemen killed in a number of incidents and parallel to that a story we've had a statement from the ADF this morning.

EMERSON: Yes Kieran if I could just read this out – "Defence can confirm that an incident has occurred involving the Mentoring Taskforce. The next of kin of members involved have been advised. As operations are ongoing and Australian troops remain in the field Defence cannot provide further information at this point in time. Further information will be provided as soon as possible". And I understand that Minister Greg Combet will be making a statement at 10 o'clock this morning.

GILBERT: It's obviously a terrible day in Afghanistan just when they seem to be making progress. Senator Brandis another setback? There was a setback recently at the [indistinct] and in Kabul. They're certainly a resilient opponent aren't they?

BRANDIS: Well from what we've been told of these events overnight, yes it is a very bad development. But it serves to remind us Kieran, and I don't think there's any partisan controversy about this, it serves to remind us that this struggle against Al Qaeda and struggle against global terrorism is going to be a very long struggle. It's now getting on for 10 years since the events of 9/11 and there has been an enormous number of lives lost in the defence of freedom from Islamic fundamentalism and its various affiliated organisation. Afghanistan is absolutely at the front line of that struggle and the Australian deployment in Afghanistan which was initiated under the Howard Government has always had bipartisan and support.

GILBERT: Well that is true on bipartisanship and a point on the program this morning amid all the partisanship on the mining tax and the polls. I want to look at now back to the partisanship if we can for a moment. Craig Emerson, the polling out yesterday, it must have created some nervousness within your ranks and it was interesting I read in the Canberra Times the headline "Rudd puts faith in Abbott leadership". Because you guys had come out yesterday in saying that, you know, the polls would see Tony Abbott Prime Minister. Warning about that prospect. Do you really see his negatives as your biggest bonus?

EMERSON: Well I think governing in the national interest is our biggest bonus and we're determined to do that and we just had a very robust discussion about tax reform and how that can affect our standing in the community. And there's a number of other hard decisions that we've had to make that also have that sort of effect. And the asylum seeker issue is an issue that is always difficult for the Labor Party politically. Let's just be clear about that, that is true. But turning to Tony Abbott, he has not reaped the benefits of the reduction in support – primary support for Labor. And that must be of concern to the Coalition. He I think is understood as a man whose policies are extreme and he's pretty erratic and risky. And so the public are not saying 'he's our man'. They're saying 'well we've got concerns with Labor but we're not going to flock to the Liberals under an Abbott-led party'.

GILBERT: Senator Brandis are you concerned that the votes have dropped of Labor to the left of the political spectrum and won't necessarily flow through to Mr Abbott as much as the Coalition has made significant gains in the last six months?

BRANDIS: Well I think Kieran that the most important facts revealed by this latest poll, as it was by the previous Newspoll, is the absolute collapse of public respect for the Prime Minister over the last two months. In particular I think you can date it from the time when he chickened out on what he had called 'the greatest moral challenge of our time' and was too chicken to even to defend it in the public arena and I think people began – that was the moment that I think the cut-through moment when people realise that this was a man without gumption, without courage, without commitment, a man who really stands for nothing. I think that's been reflected in the headline movement in the two-party preferred vote. And in relation to Tony Abbott who I should say I've known for 29 years and for whom I have a very high regard, I think the more the public see Tony Abbott the more they start to judge him in the frame of being a potential Prime Minister, the more they will like him. Because one thing, I don't think even Tony Abbott's critics would say against him, is the man you see unlike the Prime Minister, the man you see in private and the man you see in public is the same man. He's not a spin doctored, media consultant driven creation. He doesn't deliver lines that are written for him by advertising agents which he doesn't believe in sincerely. He is a man of sincerity and integrity ...

EMERSON: Only if it's written down.

BRANDIS: ... and I think would be a superb leader.

GILBERT: Okay. Just quickly Craig Emerson, you made a reference to the asylum seeker issue. We've only got a minute or so left on the program but 80 or so asylum seekers move to Leonora WA goldfields. Is this a case of out of sight, out of mind? Is that what you're hoping for?

EMERSON: Well we don't believe in holding people unnecessarily in detention facilities on Christmas Island, particularly families. This is a better form of accommodation than putting people up in motels. That's the truth of it. The Coalition has criticised us for doing that. That's exactly what they did as recently as 2005, well after, as George will tell you, that the boats were stopped. He'll tell you that the Coalition - that John Howard stopped the boats in 2001. In 2005 the Coalition was accommodating asylum seekers in motels and hotels.

GILBERT: Senator Brandis just quickly to you on this issue, this movement of asylum seekers.

BRANDIS: Well I mean there's very little more to say. I mean everybody in Australia knows that the reason we have this problem is because the Labor Party lost control of our borders by

abandoning the tough policies of the Howard government which had solved the problem.

GILBERT: Senator Brandis and Craig Emerson as always it was great to see you both this morning. Have a good day.

EMERSON: Thank you. Thanks Kieran. See-ya George.

BRANDIS: Thanks Kieran. Thanks Craig.

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