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Transcript
2CC Breakfast with Mark Parton
9 June 2010

E&OE

Subjects: Tax reform, Cabinet processes, Frank Zumbo.

PARTON: Will it be a better day for the Rudd Government? Craig Emerson, the Minister for Small Business, Competition Policy and Consumer Affairs, joins us. Good morning, Craig.

EMERSON: Good morning, Mark.

PARTON: Peter van Onselen from The Australian spoke to us earlier and made the call that Kim Beazley would have made a much better Prime Minister than Kevin Rudd. What do you think about that?

EMERSON: Well, Kevin Rudd is our Prime Minister and I think he's working hard and what he's doing – and it can have an impact on your popularity – is he's making some hard decisions, some decisions that are really important for the country's future. But they're a bit controversial because, for example, the mining industry doesn't like the idea of paying extra tax. Some of them actually say that they're prepared to. Others are saying they pay too much tax. So that's a bit controversial and that will have these sorts of effects.

But, Mark, there are two ways of going about government. One is to sit on your bum and just watch the world go by and say 're-elect us, Australia is in pretty good shape' and another is to make the necessary reforms which are an investment in the country's future. But at the time, most reforms are unpopular. And that's the situation that we've got with the mining tax, I think.

PARTON: But the former Hawke Government Minister Peter Walsh agrees, I think, with most of what you've had to say there, but he's of the opinion that perhaps when you're making those reforms, you should consult with those involved. He's come out with some stinging criticism of the way that this super profits tax is being sold. And he's saying that - because I know you've always mentioned the petroleum...

EMERSON: The PRRT.

PARTON: ...yeah, the Petroleum Resource Rent Tax. And, you know, it's the best thing that you can compare this super resources tax to. But Peter Walsh has gone to great lengths to say, well, we did it a little differently, and they should have followed the same pattern as us, but there's an obstacle to that, and that obstacle is Kevin Rudd.

EMERSON: Well, indeed there is a consultation process going on. Although the Opposition, that is Tony Abbott and others, are saying there was no consultation with industry before the Henry response was released, that's incorrect. But no one is saying that it was a full and total consultation. In fact, we set out...

PARTON: Well, it was two phone calls or something.

EMERSON: No, there were face-to-face meetings, Mark. But we set out in the response to the Henry review a consultation process. There's actually a three stage consultation process. That is going on now. There's a lot of very responsible mining industry executives for whom I have the highest regard, and so does the Prime Minister, who are engaged in these sorts of processes and others who are just, you know, shooting from the sidelines because they don't really just want to change the tax, they want to change the Government. And I talk here of course of Clive Palmer and a very well-funded Liberal Party, which is mouthing whatever Clive Palmer wants them to say, because he's, what is it, paying - you pay the price and something about the [laughs] ... I can't...

PARTON: You're telling the story, Craig. You're telling the story.

EMERSON: Yeah, no, I can't remember about the piper and the tune and dance to the tune of Clive Palmer. And they're certainly dancing to Clive's tune, that's for sure.

PARTON: David Marr is one who...

EMERSON: Pay the piper, I think.

PARTON: Pay the piper. David Marr is one who used to dance to Kevin Rudd's tune, but he is no longer. And he made some fascinating

comments and some other thoughts that were revealed during the week. And one of them was that Cabinet doesn't function the way that it historically has, that basically you've got a situation he said where the gang of four are making all of the decisions - that being the Prime Minister, Julia Gillard, Wayne Swan and Lindsay Tanner - and then turning up at Cabinet and saying this is the way it is, shut the hell up and let's roll with it. What do you think about that, Craig?

EMERSON: Well, I think there have always been Cabinet committees. Back in my days in the Hawke Government, there were - I can remember a thing called the structural adjustment committee - and it was responsible for much of the economic reform program of the Hawke Government. They would make decisions, which were effectively recommendations, to the full Cabinet, and mostly those decisions were accepted by the full Cabinet.

So I don't think it's fundamentally different. And I'm sure that these decisions of this group of four are then taken to Cabinet for discussion and, you know, for ratification or for variation if the Cabinet is so minded. So I don't think there's anything fundamentally different.

PARTON: Frank Zumbo has got his sights set on you this morning. He's got a piece on The Punch which...

EMERSON: Oh, no!

PARTON: He says [laughs] ... he says while small businesses and franchisees are the engine room of the economy, it's disappointing that only lip service is currently being paid federally to their concerns regarding anti-competitive and unconscionable conduct by larger businesses. Sadly, he says, the Federal Government, through its Small Business Minister Craig Emerson, is failing to fix the growing gaps in our laws dealing with anti-competitive mergers and unconscionable conduct. These gaps and the Federal Government's ongoing failure to address them are costing small business and consumers dearly.

Frank will get a transcript of however you respond, Craig. What do you say to his criticisms?

EMERSON: Well, before I get to these criticisms, did he put on the bottom a disclaimer or a clarification that he's working on the Liberal Party campaign in the seat of Hughes in Sydney?

PARTON: That hasn't appeared at any point.

EMERSON: Right. Okay. He probably ran out of space.

PARTON: Yeah, he must have.

EMERSON: Yeah.

PARTON: It might have been the sub-editor got it out of there.

EMERSON: That would - the subbies did it. The subbies did it. Look, Frank has got a particular view about competition. My view is that Frank isn't for competition; he's for less competition which is costly to consumers. Everyone knows that if there's good head-to-head competition, then consumers are the beneficiaries. What Frank wants to do is protect businesses from competition, and that is to the detriment of consumers.

So I'm barracking for consumers. Of course, I barrack for small businesses where unfair anti-competitive practices are inflicted upon them by more powerful businesses. But we must keep in mind the consumer getting value for money. And the fact is if you give businesses a monopoly position, whether they're small or large, they'll use it and they will screw consumers. And I'm also the Minister for Consumer Affairs. And I think any Minister should be barracking for consumers.

PARTON: But it's interesting. You spoke earlier about, you know, in government, you can just sit on your hands and just watch the world go by.

EMERSON: Yeah.

PARTON: According to Frank Zumbo, that's exactly what you've done in - I mean, he says there's been numerous parliamentary inquiries finding that the current laws against unconscionable conduct are [indistinct]...

EMERSON: Yeah, sure. Well, let's go through that. We are fundamentally re-writing the Trade Practices Act of this country to create a new Act that's called the Australian Competition and Consumer Law, which will start on 1 January next year. Frank probably didn't have room to say that either.

In terms of Senate inquiries, we have recommended - sorry, we have adopted all of the recommendations of a Senate inquiry, that is including Coalition recommendations, on unconscionable conduct, and Frank criticises me for that, for adopting a bipartisan position.

And in relation to another amendment that Frank's got, and he does like carrying these amendments around in his briefcase all around Australia, another one is called the Richmond Amendment and got no support from any politician in the

Senate, other than Nick Xenophon. Not even Barnaby Joyce backed that one in.

PARTON: [Laughs] All right. Well, good response, Craig. What's on the cards for you today, Craig?

EMERSON: I'm going in to do a little bit of media here in Brisbane - I'm up in Brisbane now - and a bit more electorate work. And then I'm heading to Sydney and then heading to Melbourne. So it's a pretty busy time.

PARTON: Well, it sounds like a safer day than a Community Cabinet meeting in Perth. I'm sure that will be entertaining.

EMERSON: Well, as I say, reform is hard and we shouldn't be deterred by people saying that they don't want reform.

PARTON: Thanks for your time this morning, Craig.

EMERSON: Okay. Thanks, Mark. Bye-bye.

PARTON: Craig Emerson, Minister for Small Business, Competition Policy and Consumer Affairs.