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**SUBJECTS:** Unemployment, global financial crisis, the economy.

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Journalist: What does this mean in terms of the global slowdown and its impact on WA?

Emerson: In terms of the economy it's actually great news given that unemployment has fallen at the time of the global financial crisis. That's an enormous performance for Western Australia. West Australian households and business should be proud of that.

We're not immune from the global financial crisis. It's not all beer and skittles but this is a welcome development. We all need to work together. This is a partnership between government, between business and the Australian community more generally to see that we work our way through this global financial crisis and keep the turbulence as low as we can. These are very good and welcome figures.

Journalist: In this state do you expect unemployment to rise in the next six months?

Emerson: Our budget forecasts in May and again in the mid-year economic forecasting outlook suggests an increase in unemployment in Australia. Obviously the Rudd Government is doing everything it can to keep that to a minimum with a \$10.4 billion economic stimulus that starts on 8 December. Beautiful timing if I might say so. It comes in just before Christmas, a boost in income for families with kids and age pensioners and also a welcome boost in the First Home Owners Scheme. Here today some of the property developers are saying they are getting a surge of inquires and applications from first home owners. That is also another stimulus for the West Australian economy.

Journalist: It seems to be a strange situation where you see unemployment falling and probably inflation risks in WA for that reason too and yet the rest of the economy needs to be stimulated. Is there a risk in this state?

Emerson: Well, it's all a question of timing. We are going through a period of financial turbulence. It is timely for fiscal stimulus. It's no good sitting around wondering and waiting for something to happen. You need to get in and act decisively and that's what the Rudd Government has done in anticipation. We will be buffeted by financial turbulence. There is no doubt about that but this is a pretty good start in Western Australia and the Rudd Government is stepping in with stimulus through the \$10 billion injection to the Australian economy. In partnership we can see our way through this. What I will say is that the most precious commodity at this time is not gold or silver, it's confidence, and at this meeting today many business people spoke of the importance of maintaining business confidence because if people remain confident about the future they will keep spending, they will keep investing, consumers will keep spending. I think that's the most important message to come out of the business summit that we've had here today - that the business community seems quite confident and insistent that everyone does their bit to maintain confidence because with confidence we can progress and find our way through this global financial turbulence.

Journalist: What about the unemployment rate.....inaudible.

Emerson: I can't forecast what's going to happen in each and every state at any given time. We are not immune from the turbulence of the global financial crisis but Australia is better placed than any country on earth to minimise the impact of that crisis which started in the United States and spread through Europe. The challenge for us is to withstand the pressures of this crisis. For us, we have to be realistic, we have to level with the Australian people and levelling means there will be impacts from the global financial crisis. But we, the Rudd Government, will do everything we can, in partnership with the Australian community, including the business community, to find our way through this turbulence.

Journalist: Does Australia have a two speed economy?

Emerson: In Australia there has always been a two speed economy. It happens that in current times Western Australia is out in front in the two speed economy which is great for Western Australia. But yes, there is a two speed economy. There have always been some states growing faster than others. It happens at the moment because of the hard work of small business and the mining boom in Western Australia, the West Australian economy is stronger overall than many parts of the rest of Australia.

Journalist: What challenges does that pose in terms of tailoring packages for each state to deal with this crisis?

Emerson: Look, it's a problem, as a large continent, that we've had to learn to live with. It's not easy to tailor economic policy to the individual circumstances of individual states. Some grow faster than others and then at other times another state picks up and takes up the cudgel so it's not that easy to tailor overall economic policy to the circumstances of individual states.

Here in Western Australia there are still labour shortages. Here in Western Australia there is still skills shortages. So the story here in Western Australia is different to what it is in some parts of the east. We understand that. In the stimulus package that was announced recently there are an extra 57,000 training places on top of the 630,000 that have been budgeted for over the next five years. That will be of specific benefit to Western Australia. That's an example of tailoring policy to the particular circumstances of the states but we can't do that with monetary policy for example. When the Reserve Bank cuts interest rates they do it for every household around Australia. Now that's another stimulus that is very welcome that occurred on Melbourne Cup Day.

Journalist: *Inaudible*

Emerson: Our ambition remains 2010. We understand it's important to sustain the competitiveness of Australian industry and we're very mindful of that. If everyone around the world waits for someone to make the first move there will be no movement and there will be no global effort to reduce carbon emissions. So we just can't wait for everyone but we do need to be conscious of what's happening, for example at the Copenhagen meeting next year. We will be producing a white paper in the not too distant future. But we're working very carefully on the Carbon Pollution Reduction Scheme. We need to play our part to ensure Australian industry remains competitive and that applies very much here in Western Australia.

Journalist: *Inaudible*

Emerson: It's variable. I was in Mackay in Central Queensland recently – they are very upbeat. Townsville is very upbeat. In the outer western suburbs of Sydney house prices have fallen so they are downbeat. It's not even from state to state or region to region. You can find in some localities some industries are going well and others not so well. I'm really pleased and thrilled with the sense of optimism that has been displayed here today.

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