



**THE HON DR EMERSON MP**  
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND  
THE SERVICE ECONOMY  
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS  
MINISTER ASSISTING THE MINISTER FOR FINANCE ON  
DEREGULATION

Transcript  
ABC Radio National Breakfast with Fran Kelly  
Tuesday 15th June 2010

E&OE

---

*Subjects: Resource Super Profits Tax, Cabinet processes.*

---

**KELLY:** Craig Emerson is the Small Business Minister in the Rudd Government. In the 1980s he helped the Hawke Government introduce a profits tax on the petroleum industry. He's also in our Parliament House studio. Minister, good morning.

**EMERSON:** Good morning, Fran.

**KELLY:** Kevin Rudd will front caucus in a few hours time. What do you think the party room wants to hear from its leader?

**EMERSON:** It'll get a briefing on how discussions are going in relation to the Resource Super Profits Tax and tax reform more generally. Kevin is usually pretty frank in those discussions, and those discussions will be a two-way street. I'd be surprised if caucus members didn't have anything to say about that and other issues. Ordinarily they do, and that's the right forum for these sorts of discussions.

**KELLY:** The message that a lot of them want to hear, as Michelle was just indicating too, plenty on the backbench want to know that the mining negotiations will be wound up within weeks. Would you like to hear that?

**EMERSON:** Well, there are constructive discussions going on now, so that's good. There is engagement with key mining industry companies. That's a positive development. We will implement a Resource Super Profits Tax. It will be at the rate of 40 per cent. It will apply to existing projects.

But we are listening to legitimate points of view put to us by mining industry companies. That's what we said we'd do through the consultation process.

So I think the process now has moved to a healthier stage following the initial reactions of industry and the sort of ranting of people like Clive Palmer. In terms of talking about getting some sort of deal, I don't think there'll be a deal with the Clive Palmers of the world, but I do think that there's a prospect of moving forward on this.

**KELLY:** Before the end of this sitting fortnight, do you think the Prime Minister might be announcing some amended elements of this proposed tax?

**EMERSON:** I'm very reluctant to put a timeframe on this. But because the discussions have now moved into a constructive phase, we will listen to and are listening to the views of the mining industry about particular design features of the tax, as we said we would, as set out in the consultation process.

**KELLY:** And are the big mining companies like Rio Tinto and BHP Billiton, are they part of that? Are they sitting down and really talking?

**EMERSON:** Well, I won't go into the details of discussions with particular companies for reasons that I think your listeners would understand, because we want to have those - effectively, I think Kevin Rudd said under the radar.

But I think the process now has entered into a much more productive phase and, as we all know, tax reform is hard, tax reform is hard. Introducing a Resource Super Profits Tax is hard – in order to finance cuts in company tax across the board, the increases in superannuation for all working Australians, the small business tax breaks and investment in nation-building infrastructure. This is a package of tax reforms; it's not just the Resource Super Profits Tax.

And before we came in, Fran, I had a look at the budget projections for the terms of trade, and they're projected to kick back up to the highest levels in 50 years. Now, what that is saying is that there's a lot of profitability in the mining sector overall because of the China boom. That's not created by the Government of Australia; it's not created by the mining industry itself, these high prices. They are created by the demand from China, and the community deserves a share of those extra profits, and that's what we're going to deliver.

**KELLY:** What you're hearing though is the community wants to make sure that those profits are delivered in the first place before we talk about sharing it out. They don't want the profits stymied. We heard from Gary Gray, who's a West Australian, so in the thick of this; he used to be an advisor to Woodside, so knows about mining; and a former national secretary for the ALP. He says this debate needs to be resolved by August. Do you agree with that?

**EMERSON:** We are working hard on it, the three ministers - the Prime Minister, the Treasurer and the Resources and Energy Minister, Martin Ferguson.

But I think in your introduction you talked about my involvement in the Petroleum Resource Rent Tax. It was just as controversial; it was just as difficult; it was an important tax reform, and we implemented a profits-based tax that's been in place for 25 years and has been consistent with the go-ahead of major projects like the Gorgon gas project and the Pluto project, and the extension of the life of Bass Strait for 30 years.

Now, the industry at the time said, that's it, that's the end of exploration in this country. The industry ran advertising campaigns against the Government at the time, and the Hawke Government was resolute on tax reform. And the Rudd Government is resolute on tax reform. This is what Labor Governments do; we reform the tax system as an investment in the nation's future.

**KELLY:** Given your experience from that time back in 1987 with the introduction of the petroleum rent tax, I mean, then there had been three discussion papers, six months of detailed consultation with the industry. There was a comprehensive consultation process, which didn't happen this time round.

Can the industry fairly complain that it wasn't consulted properly, and are you concerned about the process?

**EMERSON:** And you know what happened at the end of that consultation process? The industry said there's been poor consultation and we're totally against a Petroleum Resource Rent Tax. That's what it actually said, and we pressed ahead with it.

**KELLY:** Sure, but at the least the Government could claim it's engaged.

**EMERSON:** Well, we are engaged in a constructive dialogue with the mining industry now. I think things have settled down a little bit. There's a little bit less arm-waving and a little bit less hysteria and a more productive process that's going on now, overseen by the

Prime Minister, the Treasurer and the Resources and Energy Minister.

**KELLY:** There's been leadership rumblings, perhaps more from outside the caucus than inside the caucus so far. But there's also been talk that there - things will start to work differently, that the Prime Minister will take a few hands off all the levers and allow others in the Cabinet to have a say.

Is that a good idea? Does the Cabinet process need re-energising?

**EMERSON:** Well, I think it's right, that Kevin Rudd is indicating and is practising a wider level of consultation, tapping into expertise around the caucus and obviously outside of the caucus. That's a good thing.

Look, people talk about this concentration of decision-making processes. We did have a blip called the global financial crisis which became the deepest recession in 50 years, and it did necessitate quick decision making by a smaller group. And cabinet committees weren't invented by the Rudd Government. There were cabinet committees under Hawke, Keating and Howard Governments, and so that's nothing new.

But where there are policy matters that, to which others may be able to contribute expertise, of course Kevin Rudd will reach out and listen to the views of those who have got that expertise.

**KELLY:** Okay, Craig Emerson, thank you very much for joining us.

**EMERSON:** Rightio Fran, pleasure.

**KELLY:** Craig Emerson is the Minister for Small Business in the Rudd Government and an MP in Queensland, sitting - one of the lucky ones probably. He's in the margin of 12 per cent in his seat.

**ENDS**