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Transcript
Sky News AM Agenda with Kieran Gilbert
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E&OE

Subjects: Resource Super Profits Tax, Polls, Leadership, Coalition policy.

GILBERT: And with me this morning the Small Business Minister, Craig Emerson, and the Shadow Tourism Minister, Steve Ciobo. Gentlemen, good morning.

EMERSON: Good morning.

CIOBO: Good morning.

GILBERT: Steve, the Coalition's focus this week - we've already spoken to Stephen Smith this morning. I want to get your view on what the Coalition needs to do this week. Is it really just to keep your head down and the focus on the Government's troubles with the mining tax and elsewhere?

CIOBO: What we're doing our job, which is to hold the Government to account. Kieran, the problem that Kevin Rudd and the Labor Party have is that they still have this great big new tax sitting out there. They still haven't explained how it's going to work in full. There's talk that might be a compromise, that there may not.

What we do know is that the Prime Minister said on the weekend that talks on this mining tax could go on for months and months and months. Our message to the Australian people is very clear. The only improvement to this great big new tax from Kevin Rudd is to dump it. Labor needs to scrap it, because what they are doing is threatening tens of billions of dollars worth of investment. They're threatening thousands and thousands of jobs. We've already seen in excess of 3000 job

losses in Queensland alone. And so we'll be making sure that we hold Kevin Rudd and the Labor Government accountable for this very, very bad policy.

GILBERT: Craig Emerson, what happens if the Newspoll next week shows things in the electorate have actually worsened? What happens then? I mean, does this speculation start all over again?

EMERSON: We continue to govern in the national interest and that's what we'll do. We'll press ahead with tax reform. Tax reform is hard. We've just heard from Steve the Liberal Party's scare campaign, asserting that 3000 jobs have been lost in Queensland - completely untrue. Even Xstrata is not asserting that.

But the history of tax reform in this country has been that Labor has advocated and pressed ahead with tax reform and the Coalition has opposed it. The Coalition opposed the Petroleum Resource Rent Tax. Opposed the Petroleum Resource Rent Tax, kept it in place and got \$16 billion of revenue for it. Now if they were that opposed to it, they should have repealed it.

GILBERT: So, do you agree with Stephen Smith...

EMERSON: And the big 1985 - but the big '85 tax reform, which repaired holes in the income tax base, where people were booking up their private school fees and their golf club fees to the taxpayer and taking each other out to dinner at taxpayer's expense. You know I had a look at John Howard's response on the 19th of September 1985 just this morning, and he said; 'these taxes are unfair' this is capital gains tax and fringe benefits tax - and 'a direct attack on the private sector'. Now, again, they had the opportunity to take those away. We used them to fund reductions in the top two rates of tax. Howard hated them and yet what happened when he got elected in 1996? Kept the capital gains tax, kept the fringe benefits tax and didn't put the tax rates back up again.

GILBERT: So do you agree with Stephen Smith that there's no chance that Julia Gillard will be leader, even if the polls fall - continue to fall through the floor as they have been?

EMERSON: Kevin Rudd's the Prime Minister, and Kevin Rudd will lead us through the next election. There's absolutely no doubt. I think Ken Howard talked about London to a brick on. Well let's make Great Britain and Australia to a brick on. Kevin Rudd is the Prime Minister and he is a reforming Prime Minister and that's why we support him.

GILBERT: Steve Ciobo, on this issue that Craig Emerson points out on tax reform, if they do get a deal and they do get some sort of

compromise with sections of the mining sector as The Herald reports today the Government is apparently close to doing, where does that leave the Coalition? If you're siding with the likes of BHP, Rio, who - and Clive Palmer, unlikely to agree to anything, where does it leave you?

CIOBO: Well Kieran, I'd pull you up right there. We're not on the side of BHP, Rio or Clive Palmer. We're on the side of those tens of thousands of small businesses out there. I mean, Craig is meant to be the Small Business Minister. There are tens of thousands of small businesses out there that are going to be directly affected by this great big new tax. You see, this is Labor's ploy. They try to make out that it's only about the BHPs and the Rios of the world, notwithstanding the fact that there are millions of Australians whose superannuation investments are tied up in these companies.

But every extractive industry, whether they're quarries or pulling out anything that's going into concrete and the building services industry, the fabrication of steel, a whole bunch of extractive industries, all of those costs are going to go up under Labor's tax.

So our proposal's very simple. A compromise is not an improvement. The only way to improve the situation is to dump the tax. But the bigger problem is this, and this goes to what Craig was just talking about. He can say it's baseless speculation about the leadership, but the fundamental issue is that we know there are senior Cabinet Ministers in the Rudd Government, that are backgrounding journalists in the leadership, that are talking about...

EMERSON: Steve's a Labor insider.

CIOBO: ...about getting rid of - no, no, no, it was in the weekend papers Craig. Just read the weekend...

EMERSON: Yeah, yeah.

CIOBO: You wrote an article for The Australian which...

EMERSON: A very good article.

CIOBO: ...I just reiterated now.

EMERSON: I thought it was a good article.

CIOBO: The fact is that you have senior Cabinet Ministers that are backgrounding the media about massaging for a change, a possible change to Julia Gillard. And that's the problem, is that

they're under a lot of pressure now and they've simply lost focus of what is actually in the best interests of this nation.

EMERSON: Notice that Steve just failed to mention the 2.4 million small businesses - that is every small business in this country - that would get a tax break funded by the Resource Super Profits Tax. As a former Shadow Minister for Small Business, I would have thought it was incumbent on Steve to at least acknowledge that the small business tax breaks are being funded by the Resource Super Profits Tax.

GILBERT: Can you tell me what you think a deal...

EMERSON: Every small business in Australia.

GILBERT: ...what would a deal constitute? To have this acceptable compromise, or something to move forward with, as Gary Gray says, you know, the uncertainty needs to be resolved within weeks. He said that this morning, your Member for Brand in Perth. What does an acceptable compromise constitute? Does it have - does it include all the industry, or does it include sections of them signing up?

EMERSON: It's getting the final design of the tax right. Now we're going through a consultation process and I'm happy to report...

GILBERT: So you're saying you got a report - you had a mistake to begin with though, because this isn't - wasn't [indistinct]...

EMERSON: No, not all...

CIOBO: After it was announced.

EMERSON: ...not at all.

CIOBO: After you announce it, you then say we'll start consultation.

EMERSON: No, no. Again, wrong.

CIOBO: It's ridiculous.

EMERSON: Again wrong. The response to the Henry Review sets out a three-stage consultation process. Steve obviously hasn't read that. We have said that we would consult with the industry on particular design features of the tax. It will be a 40 per cent Resource Super Profits Tax applied to existing projects. Those discussions constitute a constructive engagement with the industry.

Talking about a deal. Imagine getting a deal with Clive Palmer? Clive Palmer wants to change the Government of Australia. I don't think we'll be getting a deal with Clive Palmer. What we want is a tax that is robust and is capable of standing the test of time, just as the Petroleum Resource Rent Tax - which after the consultation process that was instituted under that tax was finished - industry said they opposed and that the consultation process was poor.

GILBERT: Okay. Steve, if the Government gets – draws a line under this issue in the next couple of weeks, is the Coalition ready - if the Prime Minister consolidates things on his side of politics - is the Coalition ready? Do you have enough policies ready? I mean we only really know one, the parental policy. It's the only one that's been on the news.

EMERSON: A great big new tax on everything you buy.

CIOBO: Absolutely we're ready. We've got a team that's both new blood and older, experienced hands that have been in government before. We've got a leader in Tony Abbott who has a clear vision. He's already started to outline what his vision for Australia is.

But the point is Kieran, that this government may - may say that they've tidied up the super profits tax, but the problem is that there are still so many fires out there burning as a result of this inept government's poor performance over the last two and a half years.

We've got a mountain of debt. We've got a massive deficit. We've got the completely botched home insulation program. We've had over 100 house fires as a result of this government's mismanagement. We've got billions of dollars of blow-outs in the school lap-tops program and the solar program and the so-called Building the Education Revolution. On every measure, whether it was promises made before the last election not to touch private health insurance, or to have Fuel Watch or Grocery Watch, all these policies scrapped, junked and badly implemented by your policy.

EMERSON: You do hear one policy, see...

CIOBO: Yeah, I just outlined a whole heap that you guys have stuffed up.

EMERSON: Yeah. You do hear one Coalition policy - you named the one ...

GILBERT: Okay.

EMERSON: ...that they have, which is to increase their corporate tax rate to nearly 32 per cent. We're going to cut it to 28. That's it.

GILBERT: All right. I've got to wrap it up.

EMERSON: That's their policy.

GILBERT: Gentlemen, we've run out of time. Great to...

EMERSON: Don't have policies from the Coalition.

GILBERT: ...chat always.

CIOBO: Thanks Kieran.

GILBERT: Craig Emerson, Steve Ciobo, appreciate it, thank you.

CIOBO: Righty-oh.

ENDS