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Transcript
Inside Canberra, ABC 612 Brisbane with Madonna King
Wednesday 23rd June 2010

E&OE

Subjects: Tony Abbott's mortgage; Afghanistan; Resource Super Profits Tax; Kevin Rudd; Alister Jordan; Valedictories; Miranda Kerr.

KING: Senator George Brandis, good morning to you.

BRANDIS: Good morning, Madonna.

KING: Dr Craig Emerson, good morning to you too.

EMERSON: Hello Madonna and to you too, George.

BRANDIS: How are you, Craig?

EMERSON: I am very well.

KING: Now not that many Saturdays left in our election sweep either, so listen in now, you'll hear the answer to a question I will ask you just around 10 o'clock this morning.

Gentlemen, let's start with the \$700,000 loan to Tony Abbott and Dr Craig Emerson I'll go to you first. How much trouble is the Opposition Leader in over this?

EMERSON: I think it's a genuine oversight and, you know, we're not attacking Tony Abbott for failing to declare on the basis that it was a genuine oversight. It's a bit different when you've got a financial benefit that you failed to declare. In this case it's a mortgage, a liability, but it's very clear on the pecuniary interest declarations that you are supposed to declare such liabilities as mortgages.

KING: All right. I want to go through what you have to declare in just a moment, but someone on the Opposition said this is an indication obviously that Labor is trawling through his affairs to try and find things ahead of the election. Would you agree with that?

EMERSON: Well, give us a break. I mean, he either has a \$700,000 mortgage or he hasn't got a \$700,000 mortgage. I don't care how it came to light, but if it's come to light then he needs to do what every other Member of Parliament does and is expected to do and that is to declare it.

To then try to turn it around on us and say well you shouldn't have drawn it to people's attention. I don't know who drew it to the public's attention, but we all have obligations to make those declarations.

KING: George Brandis?

BRANDIS: Well, I think it's good that Craig has taken a rather more high-minded view of this than his grubbier colleague. It's very simple. There is a declaration of pecuniary interest that all Members of Parliament are obliged to complete and that's open for public inspection. One of the things that has to be recorded on it is real property holdings and mortgages.

Now the position in relation to Mr Abbott is he has lived in the same place in his electorate for years and years and years, he has always had his mortgage declared on the public - on the pecuniary interest register, but about four months after the last federal election he refinanced, so the mortgage was transferred from one mortgagee, mortgagee to another mortgagee. The amount...

KING: [Interrupts] Presumably his salary dropped after going from Government to Opposition?

BRANDIS: Well, it does because when Mr Abbott went into Opposition he was a Shadow Minister and Shadow Ministers are paid the same wage as backbenchers.

So he refinanced. The amount of the mortgage remained the same, the mortgaged property was the same. The fact of the mortgage having been declared remained the same. He omitted to update the fact that the name of the mortgagee had changed. It's a non-story. That's all there is to it.

EMERSON: The context of it though, Madonna, was that - and George has mentioned this - when Tony became a Member of the

Opposition he was complaining about how difficult it is to make ends meet on a Parliamentarian's salary. Well everyday Australians, including your listeners, find it difficult to make ends meet on much more modest incomes than Tony Abbott. So I think that's the origin of it.

BRANDIS: [Interrupts] Well, I think that's a bit - look Craig, I mean you were going well...you were going well today Craig.

EMERSON: Well it's true. He made those statements at that time that it's very hard for a Parliamentarian to make ends meet.

BRANDIS: You are going well. You have been quite generous, but, but I mean that's a little bit of an innuendo there. He was asked a question about how he found the change, the change from Government to Opposition had impacted on him personally and he observed that he had taken a significant pay cut, which in fact he had. That's all there is to it.

KING: All right. Can we just briefly address this because there's so many other things to get through this morning. What do you have to put on the public register?

EMERSON: Well pretty much everything. If you have a financial interest, that is a financial benefit or a financial liability you have to put those on.

KING: [Interrupts] Do you have to list shares that you have?

EMERSON: Yes, absolutely you do.

KING: Properties?

EMERSON: Yes. So any assets that you have. Now, you know, it wouldn't include necessarily the fact that you have got a, you know, a 1946 penny, but if it's a significant financial asset, I think George, the threshold is around \$5,000. I think that's right, then you need...

KING: Do you two...

EMERSON: ...and I declare everything. I declared four tomato plants, little baby plants that I got from someone because they grew into big plants and produced lots of tomatoes, so I thought I'd better declare those and I did.

BRANDIS: The other thing you've got to declare, and this is important, it sometimes attracts a kind of a bit of public notoriety, in the tabloid media anyway, is benefits or gifts you receive from third parties. I remember in the last year of the Howard Government

when I was Minister for the Arts and Sport I had to - it was part of my job to attend a great number of arts events and sporting events and I remember my register that year listed page after page of tickets to the opera, the ballet, theatre, football finals and so on, but you know all of those benefits that you get, albeit they are part of the job, are declarable.

KING: All right, better to be safe than sorry is what both of you are saying.

EMERSON: Well I once declared a case of mangoes, I remember.

KING: Okay, there you go. All right. To Afghanistan, another serious issue here and I know your sympathies, and mine, go out to the families of those three young men who have lost their lives.

Yesterday we were talking about Australia's commitment, a bipartisan commitment to Afghanistan, but Kevin Rudd yesterday also seemed to change his rhetoric a little bit. He describes Australia's commitment to Afghanistan as defined and finite, and there is certainly speculation if you read around this morning that the Government is going to announce some sort of exit plan.

Craig Emerson, is something coming up there?

EMERSON: I understand that John Faulkner is to make a statement about our commitment in Afghanistan, but we have said that the increase in our commitment that occurred not so long ago is substantial. There are 1,550 Australian personnel in Afghanistan, which is the biggest non-NATO presence in Afghanistan. The point we are making is that our mission is to train up the Afghan security forces, so that they can take over the security of that part of Afghanistan.

KING: Can you tell us the condition of the wounded soldiers? Some of these are life-threatening.

EMERSON: Two of the wounded soldiers are in very serious condition and obviously our thoughts and prayers are with them, as with the others. I think everyone, all of the Australians were wounded, some less seriously than others but there are real concerns about two in particular and they have been transferred to a base in Germany.

KING: All right, moving from that and George Brandis I will give you first go here. The *Sydney Morning Herald* is saying that Kevin Rudd's chief of staff, Alister Jordan has been privately canvassing half the Caucus to gauge whether the Prime Minister

was still supported. Do you think that's protecting his back or is he just being ultra-proactive?

BRANDIS: Well, I don't know what Mr Jordan might have been saying to members of the Caucus, though one wonders why the Prime Minister himself doesn't pick up the telephone and speak to his colleagues, but I think we all know he has a terrible relationship with many of them.

Look this is, you know, what you see when you have a Prime Minister whose public respect has sunk like a stone, as Mr Rudd's has in the last few months, and he is very nervous about his position. It's all a [inaudible] with the fact that, you know, this government and this Prime Minister in particular is out of control.

Now I will tell you what I find really striking about this though, is that Alister Jordan who has been identified, this is one of the young advisers who formed the praetorian guard around Mr Rudd, has been identified as part of the problem. He's alleged to be making the calls to Mr Rudd's parliamentary colleagues. Why doesn't Mr Rudd even speak to them himself or won't they speak to him?

KING: Dr Craig Emerson, can I ask you, did you get a phone call?

EMERSON: No, I didn't and I will come in now and defend a staff member. I don't think it's right to attack staff members.

BRANDIS: I'm not attacking staff members.

EMERSON: George just said he has been identified as part of the problem. I see absolutely nothing wrong with the Chief of Staff or other members of staff making contact with caucus members.

I'm not aware of the details of this. If no such conversations ever occurred involving staff members in the Prime Minister's office there would be a suggestion that the Prime Minister and his staff are completely isolated. When they do make contact there's some sort of strange motive being read into this.

KING: All right...

EMERSON: When I was a staff member we tried to talk to as many caucus members as we possibly could and get input from them.

Yes, the Prime Minister speaks to caucus members all the time formally in caucus meetings and around the place, whether we're having a little bit of a lamington, you know a bit of cake for someone who's had a baby or whatever, we have lots of discussions and there's nothing wrong with it.

KING: All right...

BRANDIS: But don't you think it's a bit discourteous though Craig? I mean, my own view, and this is the way I've always, and most people in the Coalition deal with each other, is if I want to speak to a parliamentary colleague I speak to them directly and I would regard it as a discourtesy.

KING: All right, but can I go to a broader issue here? Can I go to the issue of if this is happening, and Kevin Rudd is getting someone to do it, irrespective George Brandis, if it's Kevin Rudd doing it or Alister Jordan, is that suggesting perhaps that the Prime Minister doesn't necessary fully trust the public assurance of his deputy Julia Gillard that she's not interested in the leadership? Because that's one of the issues raised in the report this morning.

EMERSON: Well, that's raised in a media report. It doesn't mean it's true.

BRANDIS: It doesn't mean it's not true either by the way.

EMERSON: I'll just cover this ground. It is one of the duties of a ministerial office and a prime ministerial office to be in contact with members of the parliamentary party. And we used to do it for Bob Hawke. Paul Keating's staff used to do it. I'd be amazed if John Howard's staff never rang people up and talked to them.

KING: But Dr Emerson, let me come in here. You've seen the opinion polls, you've sat in caucus including this week where there were various problems outlined by MPs that they were encountering in their electorates. Things aren't good for Labor, are they?

EMERSON: We know that we've got a fight on our hands at this coming election. We know that a number of the hard decisions that we've made have caused some damage to our standing in the community.

BRANDIS: No, the problem is Craig, that that's not what's caused the damage to your standing in the community. What's caused damage to your standing in the community is you've run away from making hard decisions, like abandoning the ETS which Rudd described as the greatest moral challenge of our time...

EMERSON: How much time have you got, Madonna?

BRANDIS: ... that you've abandoned your promise to cut out Government advertising which you described as a sick cancer on democracy.

KING: All right but...

BRANDIS: You've abandoned your commitment to mental health which Rudd described is very high on his own personal agenda.

EMERSON: George settle down. [Indistinct] settle down.

KING: Yeah, I'm going to come in there again, George Brandis. And can I ask Dr Emerson to answer this question. Dr Emerson, you're painting it though, as though the Government's making these tough decisions and that's really tough on Australians and that's why voters are turning away.

Do you really think it's that or do you think Labor has really irked the public through the super tax or the asylum seeker issue or the cost of living pressures? Why do you think it is that voters are turning away from Labor? Really honestly.

EMERSON: Well just take the mining ... yeah, sure. Take the mining tax at the moment. In terms of the benefits of that - increased superannuation, small business tax breaks, nation building investment - they're kind of spread out across the entire community. It's not easy to get the message through that that's why we're doing it.

What they see is that there is an increased tax on the mining industry which is complaining very loudly about that.

BRANDIS: And both of those facts are right. There is an increased tax on the mining industry...

EMERSON: I thought I was going to be answering this question.

BRANDIS: It is complaining very loudly as it's entitled to and you're spending taxpayers' money on a Government advertising campaign which is making deadbeat ads [indistinct] through it all.

EMERSON: I'm just waiting for you to finish, George. I'm waiting for you to finish.

KING: So am I. Can I ask you just to let Dr Emerson answer this, but Dr Emerson then is it your failure to communicate, what have you done wrong, what has Labor done wrong that has people turning away from you in the polls, in a sentence?

EMERSON: We have a very ambitious agenda, we've tried to do a lot in a short period...

KING: Don't you think that angers people, saying that, that it's the voters...

EMERSON: Between George and you I reckon I'm getting about 15 words maximum out...

BRANDIS: All these questions have been directed at you.

EMERSON: ...before I get - you say in a sentence and I don't even get a sentence out to answer the question before you've interrupted me or George has interrupted me.

KING: All right, your sentence, what is it?

EMERSON: We have an ambitious agenda, we've tried to do a lot, some of those things haven't worked as we have liked, other things have been very important like keeping the economy out of recession, three rounds of tax cuts delivered on time, in full, getting rid of WorkChoices, an education tax rebate, 1,000 extra nurses a year, 1,300 GPs... and so it goes on.

BRANDIS: It's a long sentence there Craig.

EMERSON: ...and so it goes on.

BRANDIS: This is like out of [indistinct], are you listening to this sentence? There'll be three pages without a punctuation mark.

EMERSON: See this is exactly the point. George says it's a long sentence because it's a long list of achievements and he can't stand it when a Labor minister starts talking about the very achievements that we've made. Yes, there have been mistakes. Yes, we have tried to do a lot in a short period of time.

We will seek to earn the support of the public at the coming election. But I can tell you this, Tony Abbott is the guy who designed Work Choices and he will bring it back and he's a risk to the economy.

BRANDIS: Is it - are we still on the same sentence?

KING: No, Dr Emerson - no you can't. Back to Craig Emerson for just a moment. What I'm trying to get at Dr Emerson is, you're basically blaming voters...

EMERSON: No, I'm not at all.

BRANDIS: Yes, you are as a matter of fact.

KING: ...for turning away from you in the poll.

EMERSON: No, I'm not. I said that we have an ambitious agenda, we've tried to do a lot in a short period of time. Perhaps we've tried to do a little too much in a short period of time.

KING: Because we didn't understand it?

EMERSON: No, I'm just saying that when you make some decisions such as the mining tax, there will be people who will campaign against us, including Tony Abbott and the Minerals Council of Australia. People then will look around and say, gee maybe that's not such a good idea. We think it is a good idea. Tax reform is a good idea but it's hard and it upsets people. Increasing cigarette packs upsets people.

These sorts of decisions can upset some people. But if you don't do them you're not investing in the future economic security of this country and that's an obligation that we believe we had to the Australian people.

KING: All right. I think you've certainly had your sentence. So George Brandis, I'll go to you. Are you in striking distance of a famous victory? That was the term attributed to your leader yesterday.

BRANDIS: I think the next election will be very competitive. Craig and I agree, I think, on this: that notwithstanding there is plainly a tide of disillusionment against the Rudd Labor Government at the moment.

Nevertheless, it's very rare for an incumbent first term government to be defeated. It's only happened twice in Australian history, both to Labor governments I might say. The next election will be very hard for the Opposition to win.

Having said that, the opinion, the drift in the opinion polls have for some little time now, been favouring the Opposition so it will be a very close election.

KING: You say that, but you were sitting in the parliamentary meeting yesterday. Did your leader say you were within striking distance from a famous victory?

EMERSON: Tell the truth George.

BRANDIS: Well, I don't repeat what was said in party meetings.

EMERSON: Yes.

BRANDIS: But I can tell you that Tony Abbott's message to the party yesterday was that although things seem to have been going

quite well for the Opposition recently, the next election will be very difficult to win. But at least we're in a competitive...

EMERSON: This is Tony Abbott exuberance - he thinks he's over the line. It will be a tough...

BRANDIS: ... no he's not over the line, I never said that...

EMERSON: ... it will be a tough...

BRANDIS: ... and he's not over the line, nobody's ever suggested anyone is over the line...

EMERSON: Heading towards the famous...

BRANDIS: ... either your side or our side, I think all of your listeners know, Madonna, that this will be a very intensely fought election.

KING: Yes, but I want to ask you this morning, you've had a go at Craig Emerson and the dispute today is whether, whether - there was a bit of hubris shown, whether Tony Abbott did use those words - you were within striking distance of a famous victory. It's a pretty easy question. Yes or no, Senator?

BRANDIS: I've never, never seen any hubris from Tony Abbott at all and what he said to the meeting was as I've indicated...

EMERSON: Yes or no, George, come on.

BRANDIS: What he said is that it will be a very competitive election, that's what he said.

KING: Craig Emerson, I'll give you a right of reply there or a right to speak. Have you seen any hubris on the part of Tony Abbott?

EMERSON: Look, I think he is now getting ahead of himself. I think he believes that he's more favoured to win this election than Labor. We agree, George and I agree on this, and that is it will be a very competitive election. There's a lot at stake. There is Tony Abbott's risk in this. There is Work Choices.

But we cannot, and will not, rely on people just making an adverse judgement about Tony Abbott.

KING: Yes, okay.

EMERSON: We need to put forward our policies and in addition to that the things that we have achieved and they are the sorts of things that I've mentioned to you.

BRANDIS: You know, Madonna, I mean, you asked Craig why the Rudd Government has become so unpopular lately. One of the reasons, one of the many reasons for that is because of the Prime Minister's own attitude. I mean, talk about Tony Abbott getting ahead of himself, which he isn't by the way. There has - I can't think, I can't think that there has ever been a more - an Australian Prime Minister more obviously pleased with himself, more conceited in his dealings with people than Kevin Rudd.

KING: All right, let's move onto the next issue. I guess it's tied in here. Really, honestly, I want both your appraisal on the role of Queensland in this election. You've seen that analysis of marginal seats suggesting that in Queensland there could be a wipe out of Labor seats. Come the election, how often are we going to be seeing Kevin Rudd and Tony Abbott in Queensland? Is it won or lost here? Is that a fair thing to say?

EMERSON: I think it's a very important state. They all are. I know that's trite to say. But Queensland is a state in which Labor picked up a lot of seats at the last election and in so doing so, ended up with seats on quite thin margins. So, yes, it will be one of the key battlegrounds...

KING: Just before I go there to George Brandis, what ones are you most concerned about then, Dr Craig Emerson?

EMERSON: Well, I'm not going to indicate ones that I'm most concerned about because frankly I don't have the background in terms of opinion polling. You've talked about an opinion poll that was released yesterday.

But just looking at the margins, the margins alone, seats like Leichhardt and Dawson and Flynn and Longman are probably the most marginal. I don't know if I've missed any there.

KING: All right, to Craig Emerson...

EMERSON: Just looking at them on the pendulum, that's all I'm doing.

KING: All right, George Brandis, to the same issue and just the role played by Queensland and it may not have been reported this morning in the *Sunshine Coast Daily*, Mal Brough having a real go at Peter Slipper, also calling for all the Federal Liberal MPs like Alex Somlyay to stand aside. Where do you see Queensland falling in this federal election?

BRANDIS: Well, I think - I agree with Craig - Queensland is one of the important states and, you know, you're right, Craig, every state is important but essentially these election campaigns are fought on the ground in the marginal seats. As a matter of where the

marginal seats fall, there are more marginal seats in, marginal Labor seats, in Queensland and New South Wales than in any of the other four states.

So Queensland and New South Wales will be the two big battleground states at this election. Now I haven't seen the *Sunshine Coast Daily*, I haven't heard about Mr Brough's...

EMERSON: I had a bit of a read of it.

BRANDIS: ... Mr Brough's remarks but I can say that both Mr Somlyay and Mr Slipper are excellent Members of Parliament, they're highly respected by their colleagues on both sides of the Parliament and they serve their electors very well.

KING: Is Mal Brough making a comeback, do you think, at some stage, George Brandis?

BRANDIS: Well, I don't know. I saw some press - I don't think so - I saw some press remarks attributed to Mr Brough a few weeks ago, which he said, no, when he was - that question was put to him. I haven't spoken to Mal Brough, well, I don't think I've spoken to him this year.

So I assume on the basis of what is attributed to him in the media, that the answer to that question is no.

EMERSON: No, well that's not right. He said today that he does want to make a comeback but not under the Liberal National Party banner in Queensland...

KING: Well that's what was reported.

EMERSON: ...because he completely opposed that. Well, he did oppose the merger of the Liberal and National parties in Queensland. He was rolled in the formation of that merger. That's on the public record.

KING: Okay, Parliament stops tomorrow, doesn't it? And for the winter break. It's scheduled to resume on August 24, I think. Do you think Parliament will sit again before the election, either of you?

BRANDIS: My hunch is that it won't. I think there is a better than even money chance that Mr Rudd will call the election, so that he doesn't have to face Parliament again. Because, frankly, every time he faces Tony Abbott he gets - over the dispatch boxes, Tony Abbott shows more steel and character than Mr Rudd does.

EMERSON: Oh yes, 'we're headed for a famous victory', George.

KING: According to you.

BRANDIS: Well, that's my view, yes.

KING: Craig Emerson, are you not planning a winter break. You're hanging around just in case an election is called?

EMERSON: Well I would anyway. The total number of days that I've spent overseas since I became a minister is one, in Christchurch. So I won't be heading north or south or anywhere else. I'll be working in my electorate and around Australia as a minister.

KING: Do you think you'll be back in Canberra on August 24?

EMERSON: I genuinely don't know and the only - and I don't believe that the Prime Minister has an election date in his mind. He will continue to govern, we've still got work to do and then, at an appropriate time, he'll call an election. He has been on the record...

KING: Yes, okay.

EMERSON: ... continuously as saying that he wants to run the full term.

KING: A dozen or so MPs are going and won't be back. Who's the biggest loss to both of you?

EMERSON: Well, a good friend of mine and there are many on the Labor side, there are many. But Bob McMullan I have known for a very long time, indeed, way back before he entered Parliament, Madonna, he was the National Secretary of the ALP. He's actually going off not to make a fortune, but to continue his work on overseas aid and helping people in disadvantaged countries overseas. I think that's fantastic.

KING: And George Brandis, anyone you want to point out?

BRANDIS: Well, I'd - can I just...

KING: Briefly.

BRANDIS: ... add some words about what Craig has said about Bob McMullan, who I've come to know and I think he's a very fine man and will be a loss to the Labor side and to the Parliament. On our side, Petro Georgiou is a good friend of mine and he's been a Member of Parliament of tremendous integrity and a real, I think, moral beacon for both sides of politics.

So I think we will miss him and there's one other interesting little piece of history with this round of retirements. I think I'm right in

saying that with the retirement of the Labor Member for Chifley, Mr Roger Price, Mr Price will be the last Labor Member of Parliament who began his career in the Old Parliament House...

EMERSON: I think that's probably right...

KING: Well, that's a bit of history.

EMERSON: A good man, Roger. Annette Ellis, all the wonderful work she does for people with disabilities. We could go on but I fear we're running out of time.

KING: Well, that's four, Bob McMullan, Petro Georgiou, Roger Price and Annette Ellis. One last question to George Brandis...

BRANDIS: These are the hard ones always.

KING: Yep. Who's Miranda Kerr, George Brandis?

BRANDIS: I'm not sure, who is Miranda Kerr?

KING: I knew you'd know this, Craig Emerson, you read the magazines.

BRANDIS: Craig's more the popular culture type than me...

KING: He's more the popular - I think we'd safely say that, Craig Emerson, Miranda Kerr?

EMERSON: Miranda Kerr, gee, we're running out of time.

BRANDIS: You don't know either. That's a nil all draw, Craig.

EMERSON: I don't want to go into the detail of it but I know her very well.

KING: You don't want to go into the detail.

EMERSON: Miranda and I go back a long way.

BRANDIS: Is she Sir John Kerr's grand-daughter?

EMERSON: He's a bloody mad politician, this George. Everyone's got to be a politician or related to a politician.

BRANDIS: The only Kerr I know.

KING: At least he had a stab at it, Craig Emerson, you haven't even done that.

BRANDIS: Unlike you, Craig. I hope the Prime Minister's chicken-heartedness isn't affecting you, Craig.

EMERSON: I just don't want to make any more errors.

KING: Just a guess, just a guess, who is she?

EMERSON: Look I should know and I'm embarrassed not to, my guess is that she's a fashion model.

KING: All right, just look at your media advisers. They will both explain to you who Miranda Kerr...

BRANDIS: I bet they both know.

EMERSON: I got a nod from my media adviser, I can't be that far off.

KING: We'll leave it there, gentlemen, talk to you next week.

EMERSON: Thank you, Madonna. I don't think she plays Rugby League.

KING: That's Senator George Brandis, Dr Craig Emerson, back for Inside Canberra at the same time next week. A little bit fiery there but certainly a laugh in the end.

ENDS