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Transcript
Sky News AM Agenda
29 June 2010

E&OE

Subjects: Cabinet changes; Julia Gillard; election timing; mining tax.

GILBERT: Good morning and welcome to AM Agenda. Julia Gillard will convene her second Cabinet meeting around midday today.

The new Prime Minister kept her reshuffle to a minimum yesterday, putting the Government on a war footing.

Now the Gillard Government hopes to secure a deal on the mining tax within days, paving a way for a possible August election. Coming up on the program, I'm going to speaking to the Foreign Minister, Stephen Smith.

First though I'm joined by the Small Business Minister, Craig Emerson and the Deputy Senate Leader, George Brandis, the Deputy Leader of the Opposition in the Senate, Senator George Brandis. Craig Emerson, welcome to you both, I want to start with you.

We saw that reshuffle yesterday. It wasn't much of a shuffle though was it? It was really just putting people in seat warmer positions until the election is held.

EMERSON: It was purposefully a minimalist reshuffle because there's no point in making a lot of changes.

Julia indicated earlier on that she wasn't looking to make wholesale changes. You're about to talk to Stephen Smith who will do a fine job in picking up the trade portfolio, as will Simon

Crean in doing the work that Julia has been doing in her portfolio capacity, so I think it's good. We can continue to try to deliver services for the Australian people, the ones they deserve.

GILBERT: After such a tumultuous week last week, you really didn't want to have too many more changes in...

EMERSON: Well people moving into new portfolios, learning new portfolios - there's no real point in doing that, and I would assert that it's a talented team, so why just change for the sake of changing and obviously Julia had that view.

GILBERT: Were you disappointed Craig, that there was no spot for the former Prime Minister?

EMERSON: Well that's the consequence of discussions between Julia and Kevin. I think it's probably the right decision, and in any event, Julia's made that decision with Kevin and this will give him a bit of a time to take a break and take stock.

She has said that she'd be delighted to have Kevin in the Cabinet if we were to win the next election, but that will depend on the judgement of the Australian people. We absolutely are taking nothing for granted in the coming election.

GILBERT: Senator Brandis, what did you make of the Prime Minister's changes? They were kept to a minimum and most analysts suggesting that this is really just putting the Government on a war footing for an election to be called within a week or two.

BRANDIS: Well I think what it serves to remind us of Kieran is that it's the same old government. You know, they executed the Prime Minister, but nothing has changed and I heard Craig say a moment ago it's still a talented team. This is the talented team that presided over more public policy fiascos, whether it was the home insulation fiasco, whether it was the school halls fiasco, whether it was the collapse of the Government's position on climate change and I could go on and on about it.

But this is the same team that has presided over more public policy fiascos than any government in Australian history and you don't change the essential make-up of the government by changing the leader and the fact that there's been virtually no reshuffle to speak of merely underlines that fact.

The other point I might add though...

GILBERT: Senator - okay I'll let you go on, sorry.

BRANDIS: The other point I might add though is that the one place where a change ought to have been made, that is to put somebody into the finance portfolio in view of Mr Tanner's announced

retirement wasn't made, so we go into an election saddled with more debt than this country has ever had in peace time with a lame duck Finance Minister.

GILBERT: Senator Brandis though, given we're so close to an election, should departments and, you know, all of the rigmarole, the cost involved in changing a minister really be undertaken? Is - are you seriously arguing that or is this just a chance to have a dig at the new leader?

BRANDIS: Well I don't think it costs a lot of money to have a Cabinet reshuffle. All you've got to do is print your stationary basically, but that's - the point I'm at pains to make is we...

EMERSON: [Laughs] Thank god we're not taking advice from George.

BRANDIS: ...what - is that what you are doing - what Julia Gillard has done by making virtually no change and leaving a lame duck Finance Minister in place is to show that the Rudd-Gillard Government is still the Rudd-Gillard Government, it's just that Mr Rudd's political corpse is lying somewhere in the background.

GILBERT: Okay, Senator Brandis and Minister Emerson, can I just get you to hold for moment? We'll be back to you in just a moment. I'm joined now by the Foreign Minister in the Canberra studio.

[Smith interview]

GILBERT: But Senator Brandis I want to get your thoughts on the comments made by Stephen Smith about the polls but also in the bounce that we've seen since Julia Gillard took over as Prime Minister.

Is this a worry for you and your colleagues that there's been such an immediate bounce, that this has worked as a circuit breaker?

BRANDIS: Well first of all Kieran, as I think I've said before when you've asked me similar questions, when the polls were looking very favourable for the Coalition, you can't extrapolate from a single opinion poll.

Now it's hardly surprising that there was some movement in the opinion polls in response to the election of Ms Gillard or the appointment I should say, the installation of Ms Gillard by the factional warlords because people like a change, they find it refreshing.

And so - and there was just as Tony Abbott has said, a bit of a wow factor about having the first female Prime Minister. Now having said that, if you look at Newspoll which I think most people regard as the poll which speaks with the most authority,

what I thought was interesting was that there was no movement in the Coalition's primary vote, either up or down.

The movement that was apparent in the Newspoll was a movement back into the Labor Party column of Green votes and frankly I think that that spells a lot of trouble for the Government and it spells a lot of trouble for the Greens because it shows that the fundamentals of politics haven't shifted.

There hasn't been a movement as I say away from the Coalition, but I think the people that - the sort of people who are attracted to the Greens now find themselves attracted to Julia Gillard.

GILBERT: That's largely true isn't it? The Green's vote has halved and then that's seen your vote propped up. But Craig Emerson, you didn't want to change leader. Do you think now it was the right call?

EMERSON: I do. I do. I had a view at the time, and the party room, by a very strong majority, wanted a change.

I always believed that Julia Gillard would make a fantastic Prime Minister, and she's now in that position. That has always been my belief and she'll do a great job. She'll do a really good job and I think George and the team ought to get over this 'we're headed to a famous victory'.

It will be a tough fought contest. I noted that Tony Abbott was - it was briefed out of the Party Room that he said that they were headed to a famous victory, and then about 15 Coalition MPs didn't hear that, they said 'no that didn't happen'. Then Tony Abbott outed all of them on Friday night when he said 'well I did say that we're headed for a famous victory'.

They're getting pretty cocky. The Australian people will decide this and they'll decide it on the basis of some of the issues that George managed to miss, like which government managed to keep which country out of recession. That was the Labor Government that did that and you know, he talked about debt and deficit. Okay, let's have a quick point about debt and deficit, returning the budget to surplus in three years time, three years early...

BRANDIS: You're the one who put the budget into deficit though.

EMERSON: Yes George and you speak out of both sides of your mouth about the idea of fiscal stimulus. On the one hand, on one program you say we are totally opposed to fiscal stimulus, on the other hand you say 'well we're kind of a - we're kind of opposed but we're kind of not'.

BRANDIS: Nobody has ever said that. Nobody has ever said that. That's not the truth Craig and you know it's not the truth.

EMERSON: Well there were two reasons why the budget went into...

GILBERT: [Interrupts] Gentlemen, I've just got to interrupt because - so we don't go into deficit at Sky News, we've got to pay some bills, we've got to go to the ad break and we'll be right back.

[Commercial Break]

GILBERT: Thanks for joining us on AM Agenda this morning. With me, the Small Business Minister, Craig Emerson, and the Deputy Senate Opposition Leader, George Brandis.

Senator Brandis, in term of the election timing, what do you think you're heading towards now? It looks like Julia Gillard putting the Government on a war footing, finalising some of the difficult policy areas, and that an August election is looking really likely.

BRANDIS: Well, I wouldn't be at all surprised to see the Government cut and run to an early election, notwithstanding that it's been - it was Mr Rudd's commitment to the Australian people consistently that the Government would serve its full term. But I suppose it's not his government any more.

But Kieran, I wonder if I can respond to something that Craig said just before the break. Craig tries desperately to maintain this fiction that the decision to install Ms Gillard as Leader of the Labor Party and Prime Minister was a decision made by the Labor Party caucus.

The Labor Party caucus were among the last to know. This was a decision made on Wednesday afternoon and Wednesday night by a group of faceless trade union warlords, not Members of Parliament at all, who decided to withdraw their support for Mr Rudd, to throw their support to Ms Gillard, and then informed their delegates in the Federal Parliamentary Labor Party what they were to do. There wasn't even a vote in the caucus.

The story that this was somehow a considered decision of elected Labor politicians is a nonsense, and Paul Howes, the secretary of the ACTU, was indiscrete enough in an interview on Lateline late on Wednesday night when all this was happening, to admit as much. He went on TV in one of the most foolish television interviews I've ever seen and said, we - that is the trade union leaders - decided to do this.

Now, you know, Labor Party people go on to this day about Mr Whitlam being dismissed in a coup, that he was sacked by Sir John Kerr. At least people knew who Sir John Kerr was. Nobody

to this day knows the names of the people who decided to remove the Prime Minister whom the Australian public had elected two-and-a-half years ago.

GILBERT: Craig Emerson, a lot of MPs didn't know that this was coming and got, well, pretty much, you know, trying to keep abreast of what was happening through the media.

EMERSON: Well, when there was a contest, that is, it looked there was a contest for the leadership, of course Labor MPs then needed to make a decision. And the decision that they were set to make was to install Julia Gillard as the Prime Minister of...

BRANDIS: They were following instructions, Craig.

EMERSON: George, I did not interrupt - George.

BRANDIS: They were following instructions.

EMERSON: George, I did not interrupt you once because you get very upset about being interrupted. But you know, you've got my habit now, so we'll - game on, game on.

Now, the point is that the caucus, that is, the party room, made that decision in an overwhelming result, such that Kevin actually decided not to contest it because he didn't want further division. That's fine. We move on.

And George, who's this great Liberal Party expert on the operations of the Australian Labor Party, is just living in a fantasyland. The fact is, everyone got a vote, everyone could exercise that right, and there wasn't a vote in the end because there was one candidate for the Prime Ministership, the leadership of the Party, and her name was Julia Gillard.

GILBERT: Okay, on the mining tax. The Cabinet's meeting today with the hope that they can resolve it by the end of the week. Apparently there was deal done ready to be announced last Friday by Kevin Rudd but he lost the job before he could.

Do you think that there will be an announcement within a week?

EMERSON: Well, I read those reports in the newspaper...

GILBERT: What's your sense?

EMERSON: I don't know if that's right or not right. The point is, Julia is committed to seeking an early resolution to the mining tax issue. We still stand absolutely by the principle that the Australian people deserve a fair share of the benefits of the China boom because they're the resource owners.

GILBERT: But would you expect a deal within days or weeks?

EMERSON: It would not be my role to predict when this might happen, but Julia is engaging with the mining industry...

GILBERT: Not predict, just, you know, your sense.

EMERSON: Well, I believe that Julia's working very hard with the industry and I heard a little earlier that people saying that there's no discussions. Well, that's not right. Discussions are occurring. So let's see what happens. But I know she is committed to seeking an early resolution.

GILBERT: All right, gentlemen, as always, great to chat to you both. I'm sorry we're out of time. Senator Brandis and Craig Emerson, appreciate it.

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