



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

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JOURNALIST: The head of Treasury Martin Parkinson last night gave a blunt warning to Australians that we have to work harder if we're not to fall down the world income ladder. And he called on the country to embrace the spirit of reform from earlier decades. But the Government is facing new trouble with its central reform, that of introducing a carbon price, with an alliance of business groups now mounting a new ad campaign to try and fight the plan. For Government reaction, Marius Benson is speaking to the Trade Minister Craig Emerson.

MARIUS BENSON: Craig Emerson, the Treasury Secretary Martin Parkinson had a few messages for the Australian workforce last night. One of them is: 'you should work harder'. Do you agree with that?

CRAIG EMERSON: I think what Martin is talking about is that we need to lift productivity growth in this country, which actually means working smarter, not working harder. The Australian people already work hard. But with new technology and extra skills and research and development we can embody more value in the products that we produce and I think that's what productivity growth is all about: not working harder, but working smarter by being equipped with the latest equipment.

BENSON: But the statistics suggest we're working dumber, because the productivity levels have been in decline for some time and they're continuing to.

- EMERSON: There are a lot of factors contributing to the decline in productivity growth. And it has been said that today's productivity growth is tomorrow's prosperity. So if we've got low productivity growth, which we have had, then we need to lift it to lock in future prosperity.
- Let me explain. Though that productivity growth was very strong during the 1990s, under the stewardship of the previous Coalition Government it began running down to the point where by 2007 it was almost zero. What this Government, the Gillard Government, is doing is investing in new reforms to lift productivity growth to lock in future prosperity.
- But it is true that the period of the Howard Government from 2000 until 2007 was a tragic period in that productivity growth fell away and the Government of the day did nothing about it - did not invest in skills, did not invest in infrastructure.
- BENSON: But you can't really continue blaming the Howard Government. You've been in office for four years. Why no productivity growth as a result of the Labor Government?
- EMERSON: It is very much an investment. In fact the productivity growth of the 1990s was a result of an investment in reform in the 1980s - and I was involved in those reforms - and it does take time for these investments to pay off, like all investments.
- BENSON: Craig Emerson, you are having trouble selling the idea of a carbon tax to the Australian people, and you may be facing more trouble because there is an alliance of business and resource organisations who are planning a \$10 million ad campaign. As soon as you announce what you're going to do, they'll be campaigning against it. The last big ad campaign against the Government was against the mining tax, and at the end of that Kevin Rudd was gone. You should be worried?
- EMERSON: At the end of that period the Government reaffirmed that it was going to press ahead with the mineral resource rent tax, which we are.
- BENSON: In a reduced form?
- EMERSON: We have not been deterred by industry advertising campaigns in the past; we will not be deterred by industry advertising campaigns in the future. We were just talking about important economic reforms; there's no more

important economic reform for this country than to lock in its future prosperity by putting a price on carbon. And an advertising campaign will not deter Prime Minister Gillard and this Government from doing what is necessary to lock in future prosperity.

BENSON: But during that mining ad campaign, you did water down the level of taxation you were planning to impose on the mining industry?

EMERSON: Maybe people should pause and consider whether Julia Gillard is for turning. There is no evidence that Julia Gillard is for turning ... that Julia Gillard would be in any way intimidated by any sort of advertising campaign. She won't. We won't.

BENSON: When you say that Julia Gillard's not for turning - in April last year in the face of bad polling on the CPRS, the Carbon Pollution Reduction Scheme, she led the argument to convince Kevin Rudd to shelve that scheme.

EMERSON: These are reported comments, reported comments of what may or may not have happened in a Cabinet room. I wasn't in the Cabinet room and even if I were I wouldn't be sharing any Cabinet discussions with you, Marius.

BENSON: Okay. Newspoll today. Not a new Newspoll, though. Just been analysing some figures and they come up with more bleak news, particularly in Queensland, where they say Wayne Swan the Treasurer would lose his seat; you would probably lose your seat. Only Kevin Rudd would survive.

EMERSON: Well again, if we govern by opinion polls then there will be no economic reform in this country. There will be no investment in the country's future and it is fundamentally important that governments implement economic reforms, including the pricing of carbon.

We are not going to adopt the Tony Abbott style of politics, which is, in his own words, that he would be 'a weathervane' of politics - see which way the political wind is blowing and then go in that direction.

BENSON: Craig Emerson, thank you very much.

EMERSON: Thanks very much, Marius.