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BEGLEY: It would appear that Nauru is firming as the obvious choice for Labor's asylum seeker policy. So why is the East Timor option still on the table?

Tax rebate on school uniforms. The first policy announcement of what some people are calling a Clayton's election campaign. When the real one starts is anyone's guess. Don't know if we'll get an answer for you in the next half an hour either.

It's time to go Inside Canberra. Dr Craig Emerson is the Small Business Minister in the Gillard Ministry. Good morning.

EMERSON: Good morning, Terri.

BEGLEY: And for the first time on Inside Canberra your sparring partner this morning is Peter Dutton, the Shadow Minister for Health and Ageing. Good morning to you too, Mr Dutton.

DUTTON: Good morning, Terri. Morning, Craig.

EMERSON: G'day, Peter.

BEGLEY: Can't promise that the gloves will stay on though, Peter Dutton, even though it's your first time.

DUTTON: He said he's going to be very kind with me, so I'll hold him to his word.

BEGLEY: We'll see if we can ramp that up a bit. The news today, of course...

EMERSON: We're being encouraged to bring back the biff, Peter.

BEGLEY: Oh, not on this program. It's not a blood sport, Inside Canberra.

EMERSON: No, no, it's not rugby league.

BEGLEY: News today that Nauru is prepared to sign the UN convention on refugees, which would pave the way for the Government's asylum seeker policy. A good fit there. We know, Craig Emerson, in the last couple of days, that East Timor isn't looking 100 per cent as an option, with the Parliament there passing a resolution to say it wouldn't support it at this stage.

Why not Nauru? Wouldn't that tick all the boxes if they sign on to the UN convention?

EMERSON: Our focus is on a regional processing facility, Terri, because this is a regional issue. What happens is that people come from the source countries, or perhaps a neighbouring country, then into the region, whether it be Malaysia or Indonesia, and then make that hazardous journey by boat, usually to Christmas Island, sometimes, in the past, to the mainland.

So we believe that a regional processing centre makes sense, and that's where our focus is. And I can say to you that Stephen Smith, our Foreign Affairs Minister, is reporting that officials in East Timor are engaged. There is a sense of, you know, a positive sense around that. And, of course, your listeners would say, but wasn't there some vote in the Parliament?

Yes, there was a vote in the Parliament in East Timor, attended by less than half of the parliamentarians, and it wasn't a Government motion. The Prime Minister and the President of East Timor are engaged in a dialogue with us. And we see this as the progress for our work.

BEGLEY: It still seems, though, as if it's a little shaky, this - it's not an agreement yet that you can present to the Australian public, that this is going to be the option we're pursuing. It's been made - the point has been made this morning that Nauru has the infrastructure already there. It was paid for by the Australian taxpayers under the Howard Government's Pacific Solution.

Peter Dutton, can I bring you in on this? Would Nauru be the better of the two options?

DUTTON: Well, Terri, the important point to make here is this goes to the credibility, not just of the Government, but of the Prime Minister in particular. Does the Government really want a solution or do they just want a line, if you like, that's been researched, and I'm sure it's been researched to death by the current Prime Minister, as it used to be by the last one.

That is that they've come up with an election line. I suspect that they don't want an outcome in this area, Terri. And if you look at it, it is a perfectly rational argument that you put, that others have put, in relation to Nauru. And now the President of Nauru himself is providing an option. But it's been dismissed out of hand already by - I want to say the Rudd Government - by the Gillard Government.

And I don't think that they've got credibility on this issue, and I think that's the bigger issue of the discussion at the moment.

EMERSON: We've never said that there will be a quick fix. And Julia Gillard's been Prime Minister for certainly less than three weeks. You don't reach a landing on these issues in that period of time.

I know that the Coalition won't say where it would put a processing facility, and the Coalition is saying that it doesn't negotiate and can't from Opposition. By the same token a government can't just reach a landing within a few days of Julia becoming Prime Minister. But if we...

BEGLEY: But within a few days of her becoming Prime Minister she made, basically, an announcement that East Timor was looking like the option over...

EMERSON: [Interrupts] The actual statement was that we are going to engage in discussions with the Government of East Timor, and that's exactly what we're doing. But I'm just interested in Peter's point about, this being a slogan or a line.

Let's just have a look at what Tony Abbott has been saying about turning back the boats. That is not a policy. That is a slogan. And Senator Gary Humphries, who's an ACT Liberal Senator, was asked, 'but in 99 per cent of cases that's not feasible, is it?' And he said 'that's right, it's not feasible'.

So if we're talking about slogans and political statements, that's one. In fact, I hope it is a slogan, because if the Abbott Government were formed after the election and they started turning back rickety boats and risking lives, that would be a very bad outcome for all.

BEGLEY: Peter Dutton, on the Nauru question, if you were to be voted in - whoever knows when this is going to happen - would you

reopen the asylum seeker centre there, the refugee centre there?

DUTTON: Terri, what we've said is that from Opposition you can't go around making announcements of bilateral agreements with foreign countries.

The Prime Minister, frankly, made a goose of herself when she went out without preparation. Really, there was nothing to the announcement except a couple of five minute phone calls with a President, not even the Prime Minister of one country and the Prime Minister of a second country.

When we announced the Nauru arrangement when we were in Government, months of work had gone into it. The diplomats had worked behind the scenes. This sort of diplomacy by radio announcement is not something that, particularly Asian countries, appreciate.

So I think the important point is that we've demonstrated that we aren't amateurs; that the Government has turned out to be. We do take a responsible approach. We did it when we were in Government. And I just want to correct, or perhaps infuse a couple of facts into the debate here.

I know Craig runs around with his line about turning back the boats being a slogan. But it is part of the solution. It was part of the solution when we were in Government. It sends a very strong signal to people that if we turn the boats around you don't achieve your desired outcome. The people smugglers start to get some difficulty from their clients because they didn't get the objective that they wanted. That was to land at Ashmore or on Christmas Island or on our mainland.

Now, you do need to properly provision those boats. You need to provide them with fuel. You need to have an arrangement with the Indonesian Government. And that is a very, very strong signal. And if you talk to people on the ground, particularly our defence force personnel in Darwin or in Broome, they say that that is part of the solution.

EMERSON: And so, Peter, what you're saying - how on earth would you enter into an agreement with the asylum seekers and the people smugglers that they would not seek to scuttle the vessel? Because these are desperate people and it has happened before

They scuttled the vessel, and children and other adults drowned. Now, we don't believe that that is the Australian way. It might work as a political slogan, but it surely isn't seriously a policy.

The last time, even the Howard Government, turned any boat around, or sought to, was in 2003. Now, you'll probably say no boats arrived after 2003. That's not true. But it's just that the Howard Government realised that this is a very hazardous exercise and life endangering, and we don't support it.

DUTTON: Well if you look to the situation, as history records it, Craig, it did happen, only on about seven occasions. It is a perilous journey that these people undertake and you feel desperately for them.

But the situation is that if we allow more people to board these boats there is a greater risk that they will scuttle their boats or they meet misadventure somewhere on the high sea. That is a dreadful, tragic outcome for them. It's not something that we should be encouraging.

And part of the reason you haven't been able to get agreement from the Indonesians about taking boats back is that they aren't happy with your domestic policies. They think you've provided incentives for people to come by boats. And that's why they've basically closed the door to what have been, you know, just a disastrous government for the last couple of years.

EMERSON: And the purpose of that regional processing centre is to remove the incentive for people smuggling.

DUTTON: It will never happen, Craig. It will never happen.

BEGLEY: Do you think we'll get an answer? Just one final question on this. Do you think we'll get an answer from the Prime Minister on an agreement as to where this regional centre will be before an election?

EMERSON: I can't say one way or the other.

DUTTON: I can...

EMERSON: I'm not predicting that because we have said that there are no quick fixes. But I think it is available now to Peter and to Tony Abbott to say that the Coalition would pursue Nauru after an election, but we haven't heard that.

BEGLEY: Alright. Well we're not going to get an answer on that yet. So let's move on.

EMERSON: And it's open to them to say it, but I don't hear it.

BEGLEY: Move on to another topic, and that being the poll. We're still waiting. Yesterday, a bit of a flutter in Canberra - a media conference was held. Prime Minister Julia Gillard stood up there. We all held our breath and then she talked about the extension of the tax rebate, which is really important.

EMERSON: And a very important initiative too.

BEGLEY: Which, of course, has been welcomed by all and sundry. But it wasn't quite what the media gallery were hoping. And, I guess, if your listeners were hoping to hear - and I can't ask you, obviously, directly, when it's going to be. But you must both be pretty frantic behind the scenes at the moment in your electorates, getting ready for this campaign. Are you starting to ramp things up there?

EMERSON: Oh look, I think it's prudent to be ready. And I'd be amazed if Peter wasn't ready.

BEGLEY: Are you going through your printing allowance like there's no tomorrow, getting the posters all up?

DUTTON: Terri, I think these campaigns now seem to - at least to us - probably more so to the public - they seem to roll on for three years. Gone are the days where the work rate picks up at the time the election is announced. I mean it's a constant lifestyle, and particularly for those of us as Shadow Ministers, or Ministers, in Craig's case. It is a constant task and ours is well and truly underway, so...

EMERSON: And I agree with that sentiment too. I mean you can't, as a member, just bob up a few weeks before an election and say, hey, remember me, and they say no, I don't actually. They want - you want your constituents to be able to say, well, so-and-so has done a good job all the way through. And now, of course, the intensity picks up because they need to concentrate a little bit more on who they will vote for.

But I think the idea of campaigning right through the parliamentary period is absolutely right.

BEGLEY: And the intensity picks up and the pressure almost doubles when you, Peter Dutton - your seat of Dickson has gone from you winning it on a 0.1 per cent margin after...

DUTTON: Luxury, they say...

BEGLEY: ...the last poll. Well it was a luxury compared to after the redistribution now. It puts that as a marginal Labor seat of 0.8 per cent to the ALP.

This is one of the seats that we're all going to be watching very closely, once the poll date is announced. What do you - how do you approach that as a sitting member, and a margin that looks to be swinging the other way, against you? What are you focusing on right now? What are the issues?

DUTTON: Focusing locally, obviously, on the issues. But, as Craig pointed out, people want, in their local member, somebody who has the ability to work hard and to deliver, and I think if people look at my track record over the last nine years, both as a minister and as a local member - I just celebrated the 1500th caravan visit around my electorate, so we have a mobile office that's out regularly.

And it gives you the ability to talk to people on the ground, to listen to their concerns and, more importantly, to act on them. So I think that visibility and people's belief in you that you will work hard, not just locally, but be part of the national debate as well, I think is important.

It's a question of balance. I mean we've both got young families, and so there are those demands as well. We've both got portfolios, so there are travel demands. And in the end you've got to do as best as you can. But it's not just about concentrating on local issues, but people knowing that if they need to come and see you you're available for them to do that.

EMERSON: But Peter's done himself some harm by actually seeking to walk away from the seat of Dickson...

BEGLEY: I was waiting for you to jump in.

EMERSON: ...and now he's back because he missed out on the preselection. I don't know the total effect of that, but I think people won't see the funny side of it.

BEGLEY: You've got to admit there's a bit of chequered history there with you and the voters and their confidence in you, that you actually want to be the sitting member in that seat.

DUTTON: Well people will make their own judgements. I've said to people that I made a mistake. I accept that and there'll be consequences for it. I also ask people though, to balance it with my history, not just in the electorate, but as a Minister as well.

It is the case that my family's had association with Pine Rivers since the 1860s. My kids are enrolled at school. We had just renovated our house. I mean we have friends and family who live locally. It was never for me...

EMERSON: But why go down in person to the Gold Coast?

DUTTON: Well why spend half your life in Canberra, Craig? I mean let me just finish. The point is that we had a difficult redistribution. It was quite bizarre the way in which the boundaries were drawn and it put us in a negative situation.

Now, people know the history of it well, but what I say is that yes, you make a mistake, there will be consequences for that. But people should balance that with - I didn't seek a different seat. I mean my passion was, and always has been, with that local area. It was a difficult situation. I made a mistake. You cop the consequences. You move on.

I mean Craig spends an enormous amount of time in Canberra, even on weekends, away from his electorate. If he wants to get into that silly game I'm happy to have the discussion but, hopefully, a more mature debate.

EMERSON: Yes, well, I actually live in the electorate, and I didn't seek to represent another electorate on the Gold Coast.

DUTTON: Just in Canberra.

BEGLEY: Well let's move on. Another of the issues today is the budget update being released by Treasury Wayne Swan. Craig Emerson, why such a short interval since we've - we were told what was in the budget only a month or so ago - why do we need another update?

EMERSON: Well, I'll give you an example. It has become evident that commodity prices are improving, even at a more rapid rate than was first expected at budget time. So there is a case for updating those estimates in the light of the commodity price negotiations that have occurred with that giant of an economy called China, and so it is worth reporting to the Australian people the shape of the budget as it now stands.

When an election is called, and I do not make any predictions about that, under the charter of budget honesty I think it's 10 days into the formal campaign, there is a formal release again by the Treasury which indicates where it sees the economy going, the budget bottom line and all the other aspects of the budget.

BEGLEY: Peter Dutton, the Coalition will be interested to see the figures in this budget update, particularly in light of the mining resources issue, the mining resources tax?

DUTTON: We will Terri. I mean part of the problem has been that Treasury weren't even involved in the final negotiations with the mining companies. Essentially the government's accepted the projected figures from the mining companies and I think that's why Ken Henry has been a bit miffed over the last week or so.

Hopefully there will be some explanation about the way in which these figures have been arrived at, how you can exclude three

of the major companies, how you can increase the thresholds and yet still collect \$10.5 billion?

Somebody's going to be paying the tax and we'd like to see the assumptions on it because so far the figures haven't added up.

EMERSON: I'm fascinated that the Coalition is concerned about how much money the mining tax might collect when in fact they're going to scrap it and in so doing deny small businesses a much deserved tax break and deny working Australians an increase in their superannuation.

So there's this plain indignation about...

DUTTON: Talking how much money [inaudible].

EMERSON: ...how much money are you actually going to collect from this tax? As far as the Coalition is concerned, nothing, zero, because they're going to give it all back to a mining industry which has said it is willing and able to pay more tax.

We think that revenue is a good investment in small business development in this country and in superannuation, both of which are opposed by the coalition.

DUTTON: The laughable part Terri is that if you talk to a small business, I mean you go to Brendale in my electorate or go to small business around the country, when the Government announced this mining tax, it basically just killed business - small business in particular, dead.

Retail is suffering big time at the moment and I think the problem is that a lot of this tax has been lumped on some of the second and third tier companies, the ones that we want to see proceed with projects in the mining industry.

BEGLEY: But there has been a backdown of sorts from the Government on this in that wouldn't you say that there's a more optimistic view of this policy now, amongst the general community, than what there was initially?

DUTTON: Terri, I think it's true to say, that it's dropped off the headlines and therefore it's out of people's immediate focus. But the point is that this is just like the Government's so-called hospital reform. It unravels as each day goes by. It's like the plan with Nauru or East Timor or whatever it is today.

They make these announcements because the focus groups tell them they've got an issue that voters are concerned about it. They need to get on the six o'clock news or the seven o'clock news to say we've come up with this plan.

When you've got past the headline in the newspaper the next day, the scrutiny is applied. It turns out to be something very, very different.

EMERSON: That's just absolutely false. Agreement has been reached with the mining industry and the only people in Australia who believe that the mining industry already pays its fair share of tax or in Tony Abbott's case, more than its fair share of tax...

DUTTON: [Interrupts] How much will Rio Tinto pay Craig under this - under your plan will they pay?

EMERSON: The money is there...

DUTTON: [Interrupts] Nothing.

EMERSON: ...in the forward estimates.

Well, how can you say on the one hand that the mining industry, such as Rio Tinto, are paying nothing, but there's money there to provide tax breaks for small business, nation building infrastructure investments, superannuation for working Australians. And what a strange, warped sense of priorities, that Tony Abbot says to the mining industry, 'notwithstanding that you've reached an agreement with the Labor Government, we are going to give you the money back and deny it to small businesses'? So much for the Liberal Party claiming to be the party of small business.

DUTTON: But you're taxing the bejeesus out of the second tier and the third tier mining companies. This is the problem. Sure you've cut a deal of convenience with three or four big miners. They're happy because they're saying out of the stock exchange and to others 'we're actually not going to have a tax liability going forward over the next' [inaudible].

EMERSON: For sure Peter, for sure. Yeah.

DUTTON: And so it's the small guys that are going to be hurt and, as I say, when you look at the detail of - it doesn't matter whether - if you close your eyes and listen to Julia Gillard at the moment, it is just like listening to Kevin Rudd. It's a lot of spin. But when you look at the detail, that's when the world...

EMERSON: [Interrupts] Peter, Let me put this to you.

BEGLEY: One quick [inaudible].

EMERSON: If the mining tax is going to collect no revenue, why would you rescind it?

DUTTON: Well, we've said that we want to see...

EMERSON: [Laughs] It's just laughable.

DUTTON: We want to see the figures, because this is...

EMERSON: [Interrupts] No, no you've said that that you are going to rescind it no matter what, no matter what.

DUTTON: Well, we don't believe Craig that you have been good for the Australian economy over the last three years and it was just highlighted, not just by the waste, but by the way in which this ham-fisted approach took place with the mining tax.

I think a lot of small businesses at the moment are running scared of what a second term Labor agenda would mean.

BEGLEY: Alright.

DUTTON: It doesn't matter who is Prime Minister under Labor.

BEGLEY: I think we've covered this one. We're going around in circles a little bit.

Two quick ones, the - as mentioned, the Prime Minister yesterday announcing that the extension of tax deductibility of school uniforms now will come into play in the next couple of financial years.

Peter Dutton - a good idea? Would the Coalition promise the same? That parents would be able to claim half the cost of school uniforms as a tax deduction?

DUTTON: Again Terri, when you look at the headline people might give it a head nod. But when you look at the detail there's no more money in this plan. It is exactly the same...

BEGLEY: [Interrupts] But it's certainly got a good response from talkback callers yesterday.

DUTTON: I understand that. But when you look at - again, when you cut past the headline and look at the detail, there is no more money in this program. So a family who was claiming this last year won't have any greater access to more money.

The other point is that it doesn't start. I mean families are - our kids have just had school uniforms. They've just started back yesterday in the start of their school year. Families won't have an expense for school uniforms, generally in most cases, until next January or February and the situation is that really when you look at the detail, again, it's not of great benefit. It's the same money that was allocated under the program. It was just...

BEGLEY: [Interrupts] Yeah. But what if the families...

EMERSON: [Interrupts] Are you doing to rescind it Peter?

DUTTON: Well, what we are going to do is announce our policy of helping families. I think what this demonstrates is....

EMERSON: [Interrupts] [Indistinct] surely you are going to back theirs.

DUTTON: Well hang on a second, what this demonstrates is that Julia Gillard had some research to say you know what, families are hurting at the moment, cost of living is a big issue in our community, what we'll do is we'll go out there and make an announcement, which makes it look like I'm listening to families and I want to give them assistance. They don't get assistance for another 12 or 18 months under this plan, with no extra money in the program.

But the headline was - and what to take out. Well...

EMERSON: [Interrupts] The Prime Minister...

BEGLEY: Well, Craig Emerson...

DUTTON: ...that lots of people will be helped. It's a nonsense.

BEGLEY: Why the lag time, firstly before families...

EMERSON: [Interrupts] Because we want to make our decisions in a way that is affordable. We have committed to bringing the budget back to surplus in three years time, which is three years early.

BEGLEY: But there is, as Peter Dutton has said, there is no more money for this. So I'm assuming that you can - if you haven't used up all of what you can claim on textbooks under the program as it is, if there's additional money you can claim so you can use that for uniforms?

EMERSON: Indeed. Indeed you can claim school uniforms as a result of this announcement and it wasn't in the original package that was true. That was announced before...

BEGLEY: Why wasn't it?

EMERSON: Again, it's a matter of affordability and...

DUTTON: No it was because it was in our 2007 campaign commitment. So therefore Labor said well that could work and you opposed it.

EMERSON: Well, you'd think if that's the case - and I'm not sure that that is - but I'll take Peter at his word. Then embrace it Peter. Embrace it.

DUTTON: Well I'm not going to denounce education.

EMERSON: Well why not? You are saying that it's...

DUTTON: [Indistinct].

EMERSON: That's what we are going to say that it's of no value to people. You say that it's no value to people. But it's not going to happen for 18 months and therefore it's a bad thing and you won't on this program say we actually think it's a good idea and we will endorse it.

BEGLEY: So the clear answer, yes or no, Peter Dutton? Will the coalition support this?

DUTTON: Terri, it's like me saying...

EMERSON: Oh here we go.

BEGLEY: Will you...

DUTTON: Craig come in here and announce your health policy.

EMERSON: Ducking and weaving.

DUTTON: He's not the Health Minister and we're about to go into an election campaign where the coalition will announce these sorts of policies. So I'm not going to rule things in or out.

EMERSON: [Indistinct].

BEGLEY: Okay. So, we'll wait and see.

DUTTON: Obviously it was in our 2007 election commitment and...

EMERSON: When John Howard was Prime Minister, not Tony Abbott, who wants to cut health and wants to cut investing in our schools through [indistinct].

DUTTON: When Kevin Rudd was first elected Prime Minister Craig, when he was still friends with [indistinct] then.

BEGLEY: Okay.

EMERSON: When he wants to cut education, he wants to cut health.

BEGLEY: We'll move on from that.

DUTTON: Rubbish.

EMERSON: Obviously he won't be very keen on this.

DUTTON: That's rubbish.

BEGLEY: A quick couple of ones. The climate change policy. Understood that Cabinet has signed off on that yesterday Craig Emerson?

EMERSON: And I won't be revealing anything on Cabinet decisions.

BEGLEY: You are not going to tell us when we are going to hear what it is?

EMERSON: No I'm not.

BEGLEY: Okay.

EMERSON: What I'll do is tell you what I can responsibly do so on your program. But I don't think you should expect me to make a cabinet announcement.

BEGLEY: A couple of really short ones, as I said.

EMERSON: Sure.

BEGLEY: Earlier this week the Prime Minister Julia Gillard named Bob Hawke.

EMERSON: Yep.

BEGLEY: She said that she was not ashamed to say that he was her role model. Quickly from both of you. Starting off with you Peter Dutton, who is your role model?

DUTTON: Role models are either parents or grandparents, people who have done it fairly tough to achieve and work hard and that's for me in a personal sense, as opposed to professionally.

BEGLEY: What about politically?

DUTTON: Oh political role models? Obviously I was influenced by John Howard growing up. Peter Costello I worked with closely in Government, but back to Churchill or Menzies for me.

BEGLEY: Okay. Craig Emerson.

EMERSON: Look on a personal front I agree with Peter. Parents have a profound influence on the values of their children. Probably parents don't realise how much. Role model? Same one, Bob Hawke. I worked for him for four years. He is the godfather of one of our children. I'm very, very fond of him and I think he did great things for Australia.

BEGLEY: You can't think of much more of a person than to make him the godfather of your child.

Very, very quick response on this one. We've been talking about the pester power of supermarkets. There's been a bit of a ruckus about one of the major supermarkets now increasing their food and drinks at the exits to stores. A few parents have rung up today saying look, this isn't right. It's the pester power they're after. They're making us - what - just in a line, what - you've both got young children.

What do you say to your young children when they say 'dad I want that and I'm going to have a tantrum if you don't give it to me right now'?

EMERSON: I'd say no and if you chuck a tantrum there'll be trouble.

BEGLEY: Peter Dutton?

DUTTON: Well you say yes in moderation. But no more often than not, and 'if you want to throw a tantrum we are on our way out to the car. You can join us or stay here'.

BEGLEY: [Laughs] Fair enough. It's my way or the highway.

EMERSON: Firm but fair.

DUTTON: Absolutely.

BEGLEY: That concludes Inside Canberra this morning. Thank you very much both gentlemen.

DUTTON: Thank you.

EMERSON: Okay. Thanks Terri. Thanks Peter.

ENDS