



THE HON DR CRAIG EMERSON MP
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS
MINISTER ASSISTING THE MINISTER FOR FINANCE ON
DEREGULATION

Transcript
ABC2 News Breakfast
15 July 2010

E&OE

Subjects: Hawke and Keating, economic update.

ROWLAND: Treasurer Wayne Swan says Australia can achieve a budget surplus of more than \$3 billion in just three years but the Opposition's Finance Spokesman, Andrew Robb, says the figure simply is incredible.

For more, the Minister for Small Business, Craig Emerson, joins us now from Canberra. Minister, good morning.

EMERSON: Good morning, Michael.

ROWLAND: We'll get to the Budget forecast shortly but as a Labor Minister about to embark on a re-election campaign, how annoyed are you at this renewed round of hostilities between Bob Hawke and Paul Keating?

EMERSON: Look, Bob and Paul have got strong characters and strong points of view. I don't think it has any wider implications for a general election. They both made a very important contribution to the development of Australia, indeed to the creation of Australia's open, competitive economy, Michael – which, by the way, has resulted in a total of 19 years with no recession in this country, including obviously the most recent period when the rest of the world went into recession and we were able to avoid a recession.

I think that was a tribute to small businesses in this country, but also to those reforms that were pursued by both Bob and Paul to create this open, competitive economy, a resilient economy that

is able to take on the shocks from overseas. And, yes, while we've had an economic slow-down, we did manage to avoid recession and I think that's a legacy of that very important reform program.

ROWLAND: But that's the whole point isn't it? Doesn't this name-calling, this bitterness completely overshadow that good economic record?

EMERSON: Well, for everyday Australians it is the fact that we've in this country created 353,000 new jobs last year as a testament to that reform program and as I say to the role of small business in dealing with the global financial crisis. And I think that's what the Australian people care about, that there are jobs.

We do understand, however, that working Australians and Australians more generally are finding it tough still, and we need to support Australians as we move forward. And certainly there is a contrast with Tony Abbott who wants to take the place backwards.

ROWLAND: Okay, just before we get onto those budget forecasts and the economy moving forward, to use a phrase very popular with the Prime Minister, you were a former economic adviser to Bob Hawke, you were up close and personal with a lot of the decisions being made during the period...

EMERSON: That's right.

ROWLAND: Does Paul Keating get a raw deal as he claims in this biography written by Blanche d'Alpuget?

EMERSON: Well, as I say, they both contributed. Bob created the overall vision of what he used to describe as enmeshment with Asia, and that was this engagement with our near neighbours. And he had the vision to anticipate, including through Ross Garnaut - who later became an ambassador to China - the enormous opportunities that would be created by China's expansion.

And Bob was very important in repositioning Australia so that we weren't looking inwards onto ourselves behind high tariff barriers and other protective devices, but that we had the confidence to look outwards to China and other countries of the region. That was a very important visionary contribution by Bob.

Now, Paul was involved in a substantial number of those reforms. There's no doubt about that and I'm not sure that it serves a lot of purpose in saying, well, Paul did x per cent and Bob did y per cent.

I actually worked, as you say, with Bob and with Paul from Bob's office and they were a great team. They were a dynamic duo

that led to the creation of the prosperity that we enjoy. But we now must move forward because we can't take anything for granted and that's why Julia Gillard will be giving this speech at the National Press Club on how we intend to take the economy forward and the people with it.

And the last point I'll make, Michael, is that Julia is very much a consensus politician in the mode of Bob Hawke, and no doubt we'll get to the mining tax and other issues soon. She has certainly taken a very big leaf out of Bob's book in terms of her approach and that is bringing the community together and bringing the community forward and not looking backward. And that was absolutely what Bob was on about with the three Rs, which was Recovery, Reconstruction, but first, before we could achieve any of those, the third R which was Reconciliation, reconciling Australians with Australians.

ROWLAND: Okay, now looking at those Budget forecasts released by the Treasurer yesterday, they are predicated in large part on a \$6 billion windfall from higher than expected commodity prices. How worried is the Government that they may be unsustainable in the years ahead and therefore may put at risk that forecast \$3 billion surplus?

EMERSON: The price forecasts are a result of extra work done by the Australian Bureau of Agricultural and Resource Economics and, importantly, from the detailed discussions that were entered into with the major mining companies, Michael, who were then able to reveal in greater detail the price negotiations and the contracts that they had secured.

So these contract prices will take us forward through that relevant period. Of course no one's going to predict commodity prices 10 and 20 years ahead, and that's not what a Budget seeks to do. But the Forward Estimates contained that extra information that was provided by the mining companies in consultation with the Government, and that's what led to the revisions. But we said that we'd collect around \$12 billion from the mining tax. We're going to collect in the Forward Estimates period \$10.5 billion and that will allow us to deliver the other tax reforms that we seek to deliver – which is small business tax breaks, increasing superannuation for working Australians, nation-building infrastructure investment, all of which - all of which would be abandoned by Tony Abbott. Because he has said that he'd give the money back to the mining industry, which has said it's a fair cop to pay some more tax. They're saying we've got an agreement, Tony says no, we want to give the money back and deny small businesses a tax break. Where are this guy's priorities?

ROWLAND: Okay. And finally, Craig Emerson, the forecasts also include an upward revision of the forecast inflation rate of 2.75 per cent, a figure that will be very closely watched by the Reserve Bank. If the Government does go into an August election campaign, are you completely comfortable with the now very real prospect of an interest rate increase in the first week of August?

EMERSON: Those inflation forecasts are within the band that the Reserve Bank uses. They are not beyond the band that the Reserve Bank uses.

ROWLAND: They're at the upper end of the band.

EMERSON: Well, I mean, it's often been the case that inflation has been around two - two per cent plus. The fact is that we are working to reduce cost of living pressures, Michael. In my own portfolio we're introducing more competition into grocery retailing, into the supermarket industry, by encouraging companies like Aldi and Costco to apply that competition blowtorch so that people in supermarkets, who are shopping there, can get better value for money.

So we're working at that front as we bring the people with us and as we carry the economy forward.

ROWLAND: Craig Emerson in Canberra, thanks very much.

EMERSON: Rightio, thanks, Michael.

ENDS