



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
2UE with David Oldfield
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E&OE

Subjects: steel industry, manufacturing, Abbott's comments.

DAVID OLDFIELD: And I'm joined by Minister, Dr Craig Emerson.

Thank you for your time, Minister.

CRAIG EMERSON: My pleasure David.

OLDFIELD: Look, Prime Minister Julia Gillard is suggesting that in the wake of the losses of jobs at BlueScope Steel, that she would - well, you're basically - your Government is looking at propping up the industry with money from the carbon tax. That's correct isn't it?

EMERSON: We actually have a steel transformation plan. Proceeds are, indeed, from the carbon revenue. That's true. It's a piece of legislation that will be introduced into

the Parliament, to which we're committed. In fact, we're bringing forward \$100 million of that into 2011-12.

OLDFIELD:

Let me come back to that in just a second. Unions and employers are complaining that developers of big mines are not sourcing manufactured items from Australian producers. There's quite a push, understandably and appropriately so I think, for the Government to look at supporting that which is made in Australia and its own purchases.

Now yesterday Opposition Leader Tony Abbott called for a debate generally on the steel industry. You've been strong in your comments. Could you just repeat for me what you think of Mr Abbott calling for such a debate?

EMERSON:

Of course. He wants to have an each-way bet in a two-horse race. Or to use another analogy, you've got two teams playing a footy match and he's barracking for both of them.

Mr Abbott can declare himself in favour of protection or he can declare himself in favour of free trade. But he can't declare himself in favour of free trade and protectionism - he'd be the first

protectionist free-trader in Australia's history.

OLDFIELD:

Isn't he sort of saying that there could be exceptions to these matters where it's a matter of national security, a matter of sustaining those industries that are seen as necessary for the nation, as opposed to just a competitive matter of the global trade scenario and the supposed level playing field?

EMERSON:

Well I don't mind which way he goes, but he should go one way or the other. What we're interested in is boosting the competitiveness of Australian manufacturing. It is getting really burdened with the high exchange rate, caused by the mining boom - itself, actually, a vote of confidence in the Australian dollar because the Australian economy ...

OLDFIELD:

Is it a vote - sorry to interrupt you - is it a vote of confidence in the Australian economy, or is it simply a lack of confidence in the American economy, which is causing the American dollar to fall so dramatically against us and other currencies?

EMERSON:

Well, that's partly true as well. There's no doubt about that, so I think that that analysis is correct. But money is flowing into Australia, because it seemed to be

a good place to invest. And that's why we do have a very large investment pipeline - I think more than \$400 billion of investment on the drawing board. So that's very, very good for Australia's future, but it does force up the exchange rate. That places a burden on Australian manufacturing and it is, you know, really unfortunate and very frustrating for employees and employers that they've done everything they can to be efficient and then they get burdened with this appreciating exchange rate.

I'm simply saying that from the Government's perspective, we can do whatever is available to improve the competitiveness of manufacturing, but to return to the old days of industry protection, of increasing tariffs and so on - which didn't work at all David - is not a policy that we support.

But Mr Abbott is saying, in the same speech, he is in favour of both protection and free trade. You can't have it both ways and it makes no sense to back two horses, each-way, in a two-horse race.

OLDFIELD:

So you're concerned here, where his comments are that ... which relates to hypocrisy, so to speak?

EMERSON:

Indeed, and the truth is Mr Abbott likes to send out two messages on every issue: one to an audience that he thinks will like that particular message; another to an audience that don't like the other message. He'd just say anything and do anything, and I think as an alternative prime minister he needs to do the hard policy work and make the policy choices.

The Australian people will respect that. They'll say 'all right, well I don't necessarily agree with him, but I know where he stands'. But Mr Abbott's sort of dancing around all the time, never wanting to make a policy choice such as explaining how he's going to plug his \$70 billion budget black hole.

OLDFIELD:

Mmm, yes, no, I understand those comments. Look, it's ... I'm not expecting you to have necessarily been aware of it, but it's fair to signal that I'm something of a protectionist I suppose, in many respects, so we'd probably ... we differ considerably on the economies related to keeping Australians in jobs, especially given the high wages Australians get in comparison to a lot of the places that we compete with on the supposed level playing field.

And, I mean, one of the things that was raised on this program this morning was just even the matter of people who are farming oranges and growing oranges and the terrible state of affairs that they face in competition with Brazil that don't have the same rules as we have, and yet their Brazilian oranges and orange juice concentrate imperil us here in Australia.

But what of this situation regarding the steel? Now I'm not against what you're doing, but in many respects aren't you simply creating a form of protection yourself just by other means and propping up the industry anyway?

EMERSON:

No. We have a steel industry transformation plan, which is to support the steel industry making the transition to a lower-carbon future. That would mean that it would have a sustainable future in this country.

Now, again, I don't mind what Mr Abbott's view is, just so long as he has one. But he said that there needs to be support for the steel industry and then - of this type - and then says he is going to oppose it. He said absolutely clearly that it's bad legislation; he's going to oppose it. And I'm not talking specifically about the carbon pricing here, David: in relation to the steel

industry plan, the transformation plan, he said it's bad legislation and he'll oppose it.

This is why he's really hard to catch. I mean he ... you know, he was a boxing blue, you know, sort of standing in the middle of the boxing arena, in the ring, and slugging it out. But now he's just dancing around on the ropes all the time, just trying to duck and weave, duck and weave, without actually saying what he stands for. Because he thinks that he might just get enough votes from the left, the right, the centre, all the different perspectives around Australia, because he says what they want to hear.

OLDFIELD:

Mmm, well, I mean given those circumstances of the polls recently showing that Labor is in two-party preferred disastrous position of 37 per cent, placed 63 per cent, and the suggestion yesterday that had there been an election on Saturday, the only Labor member still in the Federal Parliament out of Queensland would have been Kevin Rudd, might the Government take a leaf out of Mr Abbott's policy book?

EMERSON:

Well I think in the end the Australian people are smart enough to see through this kind of opportunism of

speaking out of both sides of your mouth; of saying one thing to one audience and another thing to another, which Mr Abbott has long said. I mean he says, oh, you know, on carbon pricing and climate change, that the science is 'absolute crap'. He then commits to the same target of a 5 per cent reduction as Labor, and then says that that target is 'crazy'. Why? Because, he's speaking to a particular audience that doesn't believe in the science of climate change.

Now, I don't mind what his view is; I just think the Australian people are entitled to learn that he has one view, not two views for every issue, rather than making the hard policy choices which we're making. And it's true David: some of the decisions that we're making are not universally popular. But we're not elected to get up every morning and every week, roll out of bed, check the polls and say, 'all right, we'd better change our policy to make sure everything we do is popular in the short term'. The Australian people expect governments to implement policies, to lock in jobs, to lock in prosperity, even if, in the short term, they aren't the most popular policies in the world.

That's the history of the Hawke Government, the history of the Keating

Government and that's the sort of reforming tradition to which we're committed. And going back perhaps to the steel industry: when the Hawke Government was elected in 1983, the steel industry was protected by very, very high tariffs and it was on its knees. So, what I'm saying is that the practical evidence of high protection of the steel industry in this country is that it doesn't work.

OLDFIELD:

Seventeen minutes past 10. David Oldfield on 2UE. If you've just joined me, I have with me the Trade Minister Dr Craig Emerson.

Dr Emerson, the circumstance here, once again, on this matter of protectionism and the Government's feeling against that quite clearly, and the comments that you've suggested are hypocritical by Mr Abbott: is there any industry at all that the Government would see as needing to protect, from a national security point of view? Is there anything that you could say, 'okay, well we have this global trade, we have this level playing field - which I don't believe we really have; I think it's very unlevel against Australia - but you accept all of those things, and so we just let anything go by the wayside; market will bear pricing and whatever the market determines, based on our global

arrangements. Is there anything that you could take out of that and say, 'all right, no, well hang on, but this is one thing that we'll protect'? Anything at all?

EMERSON:

Well, I think the answer to your question is that industries that can use some extra support in terms of boosting their competitiveness by cutting their costs, by investing in innovation, by investing in skills; we're perfectly, not only relaxed with that David, we're very positive about that - very positive about it.

But increasing tariffs is not part of Australia's future. It's been a failed policy that led to Australian manufacturing pretty much being on its knees by the early 1980s - by the early 1980s. And what we're saying is...

OLDFIELD:

[Interrupts] But a lot of the manufacturing you're talking about that may have been on its knees in the 80s is now ... was in its grave by the 90s as a consequence of the protection being removed.

EMERSON:

Well that's not right, the steel industry...

OLDFIELD:

[Interrupts] Really? What about all the textile industries?

EMERSON: Well, okay. Well, I think that's a good point that you raise. Is the future of Australian industry and Australian working people in a low-wage economy: that is, a low-skill, low-wage future competing with countries like Bangladesh and Cambodia and Laos on wage costs? Now, I don't think that's the future for the Australian people.

OLDFIELD: [Interrupts] What, as opposed to high ... as opposed to high-scale welfare?

EMERSON: No, I'm talking about high-skill, high-wage, high-innovation production - that's the future for Australia.

OLDFIELD: But is it ... but is ... sorry, we weren't actually going to be really talking about this, but we've ... we're getting down that path now so I hope you don't mind.

EMERSON: You're right.

OLDFIELD: But doesn't that ... in what you're saying, isn't that not necessarily coming true? I mean that we're not actually training people; that governments have fallen totally and utterly, terribly by the wayside when it comes to developing skills amongst young Australians?

So the sorts of jobs that you're talking about, going to Australians rather than

being in low-paid manufacturing jobs, are in fact now going to skilled workers that we're bringing in from overseas?

EMERSON:

Well in fact there was a skills drought - a skills investment drought - and it won't surprise you for me to say that that was under the previous Coalition Government. And I use to sit in the Parliament and listen to the Minister for Education and Training saying 'it's all the States' responsibility; the States should be doing this' - just passing the buck to the states.

What's Labor done in Government? It's invested in something like 711,000 productivity places, and now is even modernising further on that change with a new skills package that it is taking to the Council of Australian Governments.

So it is important, David, and this is what I think you're saying: that we invest in skills, that we invest in infrastructure, that we invest in innovation because that is the future of Australian industry in a high-skill, high-wage future - a race to the top. Not into a low-skill, low-wage race to the bottom. That's a race we would never win, and it's a race we should never want to enter.

OLDFIELD:

Certainly from what I can see, history would show that governments - not just Labor, but governments, Liberal and Labor - embarked on the removal of manufacturing and industry generally in Australia by virtue of going away from protection from tariffs, from import duties and what have you. They moved in that direction before they secured all of these other jobs that Australians would have, which lead to the destruction of many industries, and a lot of people in their middle age finding themselves unemployable.

EMERSON:

Well, in relation to tariffs and the steel industry, in 1983 the steel industry was on its knees and just about to disappear. And if tariff protection was such a winning formula ... the steel industry not only had very high tariffs, it had the benefit of quantitative restriction on the amount of steel that could be imported into Australia.

If that was a great policy, why was the steel industry on the verge of destruction? And it took a Labor government to come in and support the transition of that steel industry to higher skills and higher wages. That's the sort of future that we're talking about.

But I think it's futile to seek to protect a low-skill, low-wage industry in Australia

against competition from Bangladesh, Laos and Cambodia. Our future is in the high skills, high wages, high innovation.

OLDFIELD:

Now, do you expect at some stage in our future we will be without anyone in the population that requires a low-skill job because they simply don't have the capacity for the sorts of high-skill jobs you're doing?

I suppose the old saying the world will always need ditch diggers: isn't it better that a person who is not able to do anything else is digging a ditch than on the dole?

EMERSON:

I agree with that, absolutely. And I agree that, you know, you talked, I think, quite validly, David, about the plight of middle-aged blokes who get laid off and may never get a job. That's a terrible situation in which people can sometimes find themselves.

What we need to do there is to offer whatever skills enhancement is available. But I'm not going to pretend that over the last 20 years there's been no layoffs and no very difficult situations for families. But in terms of what the right strategy is, it is to support those families wherever we can, but ensure that we're not in this race to the bottom.

And, you know, we'd be in the situation where Tony Abbott, for example, in the steel industry has said one of the problems in his speech yesterday to CEDA was feather bedding. What he means is that there are too many workers in the steel industry. So he should come out publicly and say he's for a return to at least some elements of WorkChoices, because he believes that there are too many workers employed in the steel industry.

And then out of the other side of his mouth he says he really supports the steel industry and the workers employed there. Some sort of support when you basically say there's too many of you and we want an industrial relations system that allows the employers to get rid of you. That's not support for workers; that's not support for the steel industry. That's just ideology, cherishing a return to WorkChoices.

OLDFIELD:

But clearly the sacking of as many as 1,400 direct employees and contractors by BlueScope Steel shows that without WorkChoices, employers are able to get rid of people and perhaps also uphold Mr Abbott's view that there are too many in the steel industry. If we could just come on to this ...

EMERSON: [Interrupts] But my point there is if that is ... if it is such that people, you know, that redundancies do occur, why does Mr Abbott then want to go back and revisit WorkChoices? Because he wants to make it easier. What's he saying - that they shouldn't have redundancy pay? I don't know. I'm not accusing Mr Abbott of saying that. What I'm saying is it's just unclear what Mr Abbott is saying when he says in the same speech he's for free trade, he's for protection, and he's worried about too many workers being employed in the steel industry.

This is exactly what I'm saying, David.

OLDFIELD: So you're saying Mr Abbott is...

EMERSON: You can't pin the guy down.

OLDFIELD: Mr Abbott is providing too many questions and not enough answers?

EMERSON: Well, he just says ... he says he stands for everything. Whatever anyone wants, Mr Abbott says 'I'm for it', because he thinks that's the easy way to The Lodge. And in fact, what people expect of an alternative prime minister is to just state your position, whether they agree with it or don't, then they can make an assessment.

But you know, I'm from the country, David. And you know, bush people can see bullshit, and they can smell bullshit. And when Tony Abbott goes on with 'I'm for it, and I'm against it; I'm for everything that you want me to say', they can see straight through that. And that's not limited to country people. City people can as well.

OLDFIELD:

Very grateful for your time, and just lastly on the matter of the bush which you've raised, the question I asked earlier about whether there was any industries or any aspects that this Government might protect: given the possibility of national security and what have you, the Bushmaster vehicle, which has saved so many Australian lives, which is produced in Bendigo out of Australian steel.

The Bushmaster vehicle, of which some 800 having been produced, and some of them sold overseas - but most particularly my concern for our own troops operating overseas, specifically in Afghanistan where the improvised bombs have failed to kill any Australians in these vehicles - the most successful vehicles of their kind in the world.

If they were under some kind of threat, as they may indeed be as a

consequence of what's taking place with the steel industry, would the Government in the interest of national security move to make sure that the Bushmaster vehicles for our troops would be continued to be produced?

EMERSON: Well I think our defence procurement is very sound. It's based on purchasing quality equipment at affordable prices...

OLDFIELD: But the Bushmaster is the best of...

EMERSON: Sure.

OLDFIELD: ... it's kind.

EMERSON: Not everything that we ...

OLDFIELD: If they were not produced here in Australia, the defence force procurement would have to be buying an inferior vehicle from overseas.

EMERSON: Well I...

OLDFIELD: So what I'm asking you...

EMERSON: ... yeah sure, and I'm saying...

OLDFIELD: ... is in the sense of national security, would the Bushmaster perhaps be one of those...

EMERSON: ... and I'm saying...

OLDFIELD: ... isolated matters that you would protect?

EMERSON: I'm saying in defence procurement we don't purchase inferior products that endanger the lives of our soldiers in Afghanistan.

OLDFIELD: Ok... I don't want to argue with you too much on that, but the matters of the sorts of protection that are ... that soldiers have had with body armour might sort of argue that particular point.

Well look thank you...

EMERSON: We'll never compromise the safety of our soldiers in Afghanistan, David.

OLDFIELD: I hope I can take that as a "yes", that we'll always see the Bushmaster produced in Australia because that seems to be the best protection they've got in these circumstances.

Thank you very much for your time.

EMERSON: Thanks very much, David.

OLDFIELD: All the best to you. Dr Craig Emerson, the Minister for Trade.

I'll be back with you on that in a moment, but certainly what you have to say, 131332.