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MINISTER FOR TRADE

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EMERSON: I wanted to raise two things today. One is Mr Hockey's performance today where he ruled out using the Parliamentary Budget Office, or any Government mechanisms to cost the Coalition's promises. It's clear that Mr Hockey, Mr Robb and Mr Abbott have no idea how they are going to plug their \$70 billion Budget black hole. The last time Mr Hockey declined to use government resources for the Budget processes before the election, they pretended that they had no fiscal problem. But of course, at the insistence of the Independents, when the costings of the Coalition's policies were done by Treasury and Finance an \$11 billion Budget black hole was revealed. That has exploded to \$70 billion as confirmed, not only by Mr Hockey who sought to deny that today, but also by Mr Robb, who on national television said 'yes, there is a \$70 billion problem'. So the Coalition, again, is displaying its recklessness, expecting the Australian people to believe that by engaging an accounting firm they are discharging their responsibilities to the Australian people in respect of proper fiscal budgeting.

The second issue that I wanted to canvas was in relation to asylum seekers, where the indications at this stage from the Coalition is that they are looking at the possibility – and indeed the prospect – of blocking the Government's legislation. This would rule out any offshore processing by any elected government. It would take out of the hands of an elected government – an elected government – the ability to determine the procedures for dealing with asylum seekers coming to Australia. This, again, would be the height of recklessness, on both sides of the argument. It would mean that a government would not be able to control the flow of

asylum seekers to Australia. And on the other side of the argument there's nothing compassionate about encouraging people smugglers to encourage asylum seekers to get on old and leaky boats to die at sea or to arrive at Christmas Island only to be smashed up against the rocks of Christmas Island; as happened before last Christmas when 45 people, including young children, lost their lives. So on any account if – and I emphasize if – Tony Abbott does proceed with what seems to be indications from his front bench to block the Government's legislation he is denying any elected government the capacity to deal with border protection and the flow of asylum seekers, and the very important issue of the safety of asylum seekers because he would do nothing to smash the people smugglers' model. That, again, would demonstrate that Mr Abbott is interested in his own personal interest and not in the national interest.

JOURNALIST: Aside from Mr Abbott though, are you concerned about a revolt within your own Caucus? What about once they've seen this legislation, as I'm sure over the weekend they have?

EMERSON: Well, we've had a very substantial Caucus debate about this. And the Caucus – as a matter of resolution – supported the Prime Minister on this. The real blockage here is not the Labor Party. The real potential blockage is Mr Abbott and the Liberal Party. And on both counts, whether it is an orderly immigration program, or on the compassionate side of the argument to which the Labor Party subscribes, it would be the height of recklessness for the Coalition to deny any elected government the capacity to break the people smugglers' model, and therefore prevent people from taking that risky journey where already hundreds of people have lost their lives on the high seas and being smashed up against the rocks on Christmas Island

JOURNALIST: Minister, Mr Hockey this morning, in his television interview, do you think he sounded a bit cocky? He used terms like 'when we get into government'. He used terms like the long list of things they would cut from your programs – basically purge.

EMERSON: Well it sounds like the Coalition is measuring up the curtains in the Ministerial Wing of Parliament House two years before an election. And that is the height of hubris. It is the height of the Coalition believing that all it has to do in order to win government is say 'no, no, no, no and no'. And even when it comes to important issues, such as costings of the Coalition's election promises, they are saying they would engage an accounting firm like they did last time, which resulted in the exposure, subsequently, of an \$11 billion black hole that has now blown out to \$70 billion.

I thought the other matter that Mr Hockey canvassed in the interview today that warrants attention is that he was asked was it possible to remove the carbon pricing mechanism of an emissions trading scheme, and still do it in a way that is still business friendly, and whether compensation that has been provided in respect of the carbon pricing mechanism would any longer be necessary. He said it would not be necessary, that they will remove the whole carbon pricing, the entire emissions trading scheme. And, in the process, that means – and Mr Hockey is saying no compensation is necessary – that means higher taxes for the Australian people, and it means a cut in the age pension. Now, I raised this in a Matter of Public Importance during the week, at which point Mr Robb interjected saying ‘rubbish, that’s rubbish, we will not be reducing compensation for age pensioners and for tax payers, we will not be removing it’. And in fact today, Mr Hockey has confirmed that they are. These two guys don’t talk to each other. They can’t stand each other. And so they are proceeding in a dysfunctional way to try and put together Budget promises that even they won’t allow to be costed by any arm of government, or any official agency.

JOURNALIST: Minister, speaking of rubbish, when are you guys going to stop using the term \$70 billion black hole? It’s a savings task. How can you even say it’s a black hole when you don’t even know what their spending plans are?

EMERSON: Well, they have admitted it. We’re using the Coalition’s \$70 billion fiscal task. I call that a budget black hole.

JOURNALIST: How do you do that? You’re an economist, how do you get away with that in your own mind?

EMERSON: Very easily, because they have a difference between revenue and expenditure amounting to \$70 billion. That would constitute – if they don’t seek to plug it one way or another – a \$70 billion budget deficit. This is a figure that has been generated, not by Labor, not by the media as Mr Abbott asserted falsely – knowingly falsely, just the other day he said ‘this \$70 billion is a Labor myth, it’s a media myth’. And Mr Robb, on Meet the Press, said ‘no, it’s not a furphy, it’s not a furphy, the \$70 billion problem is real’. Mr Robb might call it a problem, someone else might call it a fiscal deficit. I call it a black hole. A fiscal deficit or a black hole, \$70 billion is a big problem.

JOURNALIST: Will you consider Coalition amendments to the migration bill?

EMERSON: We have taken the best advice from a range of legal advisers, and the best advice is this – that the Malaysian arrangement is the one that would break the people smugglers’ model.

Now Mr Abbott is saying that Nauru is the way to go, notwithstanding advice that he has received that says that Nauru would not be effective in breaking the people smugglers' model. However, our point is this, that rather than nominate a particular offshore processing location, we are saying let's empower the government of the day with the capacity to make a decision where offshore processing would occur. Whether that would be in Malaysia, which is our preferred proposition, whether it be in Nauru, which is Mr Abbott's proposition, or whether it be somewhere else if Mr Abbott has another plan that he hasn't revealed yet. But the point is it should be in the hands of government of the day to determine that, and that's what this legislation would do.

JOURNALIST: Minister what gives you confidence that asylum seekers in Malaysia... if the treatment of them is improved, that they would have access to services, basic services there?

EMERSON: Well the defining feature in respect of your question of the Malaysian arrangement is that the United Nations High Commission for Refugees has said that it would work with the government of Australia and the government of Malaysia in putting that arrangement in place and implementing it. In respect of Nauru, the United Nations High Commission for Refugees has said no such thing. The UNHCR in respect of Nauru said that it didn't want anything to do with it, back when the Howard Government was pursuing it, and said that when it was finished that it had closed a sorry chapter in Australia's history. So that's what defines the difference between Malaysia and Nauru in respect of the humanitarian treatment of asylum seekers.

JOURNALIST: Very specifically, on issues of education, health, work rights, persecution, are you satisfied that the situation in Malaysia would be different to what it was a year ago?

EMERSON: Look, we are satisfied with the agreement that we have reached with the Malaysian Government, which the United Nations High Commission has said, in respect of which it said, that it would work to implement that. I am not saying that the United Nations High Commission jumped with joy and said that we are going to fully endorse this, but the difference is that the United Nations High Commission for Refugees, which is charged with the responsibility of dealing humanely with asylum seekers, has said that it would work with the Malaysian arrangements but it opposes the Nauru arrangement.

JOURNALIST: Have you conceded that Tony Abbott is going to say 'no'?

EMERSON: No, I don't know that for sure. I used the word 'if' and there are indications coming out today that I am relying on as being a bad portent as to what Mr Abbott might say. So let's...

JOURNALIST: Well between portent and effective concession it's all over. You guys have to come up with something else.

EMERSON: When we hear shadow ministers saying it's extremely unlikely, then I think it counts. Now it doesn't mean that those shadow ministers were speaking on behalf of Mr Abbott necessarily. There is an opportunity for the party room of the Liberal Party to have a good look at this and they should take this into account that, if they were to reject this legislation then they are ensuring that no elected government has the capacity to identify an offshore location for processing asylum seekers. Effectively what they would be doing is saying that onshore processing is the only option.

JOURNALIST: But if you are the elected government, you will have to come up with another alternative, won't you?

EMERSON: Well, we are putting our legislation to the parliament and we have briefed Mr Abbott. We are happy for Mr Abbott to get all of the necessary information, all of the advice, this is being provided to him, and we would urge Mr Abbott to think about the national interest to think about that if, if, he did in fact say 'no' to this legislation he would be removing the right of any government to engage in offshore processing. Now, if it is the view of the Liberal Party that they are against offshore processing of asylum seekers then they are entitled to express that view.

JOURNALIST: You're starting to sound like Barnaby Joyce, that there's somebody in the Labor Party that's going to change their position on carbon pricing. Can't you work with the reality that he's said 'no', and in the case of Tony Abbott no means no?

EMERSON: Well, I haven't heard Mr Abbott say 'no'. And two questions ago you said to me 'why do you believe that Mr Abbott has said no?'. I think with respect that you just changed your position.

JOURNALIST: Has the Government got a plan B?

EMERSON: We are working with the legislation that we have developed, we are happy to hold briefings and explain again and again to Mr Abbott and anyone with the relevant responsibility what it would mean to reject this. And what it would mean to reject the Government's legislation is that the Coalition would be indicating that there will be no offshore processing of asylum seekers who arrive in this country and therefore there will be

no breaking of the people smugglers' model. Therefore there will be large numbers of arrivals of people unauthorised to this country which amongst other things carries the very grave risk of people losing their lives at sea.

JOURNALIST: And would that be Tony Abbott's fault?

EMERSON: I am saying that I am asking, on behalf of the Government, Mr Abbott to consider very carefully the options in front of him. One option is to support the right of any elected government to engage in offshore processing, and that's what we're asking him to do. If he says no, he is effectively saying that onshore processing is the only policy that the Coalition supports. Onshore processing is the only policy that the Coalition supports, that's what Mr Abbott would be saying. And in so doing he would be conceding that the Coalition doesn't have an interest in breaking the people smugglers' model and therefore that there will be more boat arrivals and more people losing their lives at sea. I think that is an unconscionable risk for any leader to take. But that would be in contemplation if Mr Abbott, and I emphasise 'if', Mr Abbott were to choose to oppose this legislation.

Thank you very much.