



**THE HON DR CRAIG EMERSON MP**  
MINISTER FOR TRADE

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*Subjects: tax summit, Chinese currency, free trade, MPs' pay, gambling reforms.*

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**GLEN BARTHOLOMEW:** Manufacturing unions are calling for tax breaks to encourage companies to buy local products, as lobby groups set out their cases ahead of the tax forum, which opens in Canberra tomorrow.

Unions also want the Government to press China to float its currency as a condition of a free trade deal now being negotiated between the two countries. At the same time, retailers want tariffs on clothing and footwear abolished.

To look at the rival claims and their likelihood of success, Marius Benson has spoken to the Trade Minister, Craig Emerson.

**MARIUS BENSON:** Craig Emerson, you are part of the negotiations of a free trade deal with China. And you've made it fairly clear in the past that Australia's voice can't really carry much weight

in affecting any decision by China on whether it floats its currency.

EMERSON:

Well, I think that's right. It doesn't stop us from making the point that the best way to create jobs around the world, during what is in most of the developed world a very weak economic recovery, is to liberalise trade; to open up our countries to trade because it does possess a certain magic - and that is, out of specialisation you can get more jobs and more prosperity. Whereas, out of currency wars or competition, you're really arguing over the division of a fixed number of jobs and a fixed amount of prosperity.

That's a point that I make often internationally, and that's why we were so keen on trade liberalisation.

BENSON:

But the point being made by the local unions is everyone talks free trade; Australia actually does it. Australia's one of the easiest places to get into for other countries. But it's not a level playing field and we're at the wrong end of that un-level playing field.

EMERSON:

Oh, well, we do seek to gain better market access to other countries' markets. We do want other countries to open up their markets. But it's not as if tariffs are at 70, 80, 90 per cent in the APEC community - that's the Asia-Pacific

community - they're down on average to about 8 per cent. But some of them are higher than others, most particularly in agriculture, and we do seek to have improved market access in all those industries.

BENSON:

On the tax forum, everyone is putting their pitch before the gathering tomorrow and the next day. Would the forum itself, in your eyes, be a success if it produces nothing but words, or does it have to produce action for it to have been a worthwhile use of two days?

EMERSON:

Well, it will be used as a guide to further policy development by the Government. And the fact is that taxes, as a share of the economy, are considerably lower now than they were under the previous government, which holds the gold medal around its neck as the highest-taxing government in Australia's history. And further, we're sixth lowest amongst OECD countries in tax as a share of GDP. So, it's got to be more than simply an argument about redistribution of the tax burden, as it needs to be a debate about genuine tax reform.

BENSON:

Minister, just a couple of quick other issues. The weekend was, obviously, a very big one for football. Yesterday, it was Rugby League's turn for the grand final.

Getting away from the game itself, there was quite a lot of talk about the level of advertising of betting during the game. Is that an issue of concern to you?

EMERSON:

Look, I think that's essentially up to the private sector and, you know, what we're concerned about in respect of one particular issue, and that is poker machines, is the level of problem gambling. So I think the whole nation has a collective responsibility to look at effective solutions here.

BENSON:

And one other issue in the news today is politicians' pay, because there is a tribunal decision that is going to roughly double politicians' pay - their take home pay, because you're going to lose some allowances. Back benchers, instead of getting 140,000 will get 250,000; the Prime Minister, instead of getting 366,000, 650,000. How do you feel about getting your pay roughly doubled?

EMERSON:

Well, I've only seen newspaper reports, but I can guarantee you this: there'll never be national agreement on the right level of pay for politicians. So, it's best that it be put in the hands of an independent umpire, to use our footy analogies, or a referee if you follow league or union, for them to do the work on it.

I am not aware of the specific proposals from the Remuneration Tribunal, but, you know, I think it's just one of those things where no-one will ever agree.

Maybe some people in the tribunal, or elsewhere, are looking at parity with business executives. I don't know. I certainly understand, on the other hand, people struggling on 40, 50, \$60,000 a year.

So that's why, given there'll never be a consensus on it or anything remotely like it, we're probably best doing what we've done: and that is hand it over to the independent umpire or referee.

BENSON:

Craig Emerson, thanks again.

EMERSON:

Thanks a lot, Marius.

GLEN BARTHOLOMEW:

The Trade Minister in the Government, Craig Emerson, with Marius Benson.

