



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
ABC 612 Mornings with Madonna King

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E&OE

Subjects: tax forum, Angry Anderson, Peter Garrett, MPs' pay rises, Royalty, Brian Schmidt's Nobel Prize, the ANU.

MADONNA KING: Let's go inside Canberra with Dr Craig Emerson and Senator George Brandis.

Dr Emerson is Trade Minister and Federal Member for the Seat of Rankin.
Good morning.

CRAIG EMERSON: Good morning to you, Madonna.

KING: And Senator Brandis is the Deputy Leader of the Opposition in the Senate. Pretty fancy titles really, aren't they? Senator, good morning.

GEORGE BRANDIS: Good morning, Madonna.

KING: You have flowers.

EMERSON:

Oh no!

BRANDIS:

I've decided that this will be the last time we'll be in the studio with you, because for the next fortnight we'll be in Canberra. So I thought I'd buy you a bunch of flowers.

KING:

Well, there is always Interflora, you know. Craig?

EMERSON:

Don't rush the judgement. Willy Wonka's in the chocolate factory right now.

KING:

That is very, very nice. Now, Senator, I can't ask you any hard questions.

BRANDIS:

You can ask me hard questions.

KING:

But I'll get over that.

EMERSON:

And that'll last for about 15 seconds.

KING:

You know I think I'm going out on top. I think we've built the program up and ratings are really good.

I'm just wondering whether politicians should take a lesson. Should you go out on top sometimes; politicians wait 'til they're all washed up?

EMERSON:

Oh, well, we're yet to peak, aren't we George? But I must say on the program - I was talking to George beforehand - that it will be very sad to see you go. In this segment, at least anecdotally, we do have a number of people coming up to us saying they tune in to the segment and listen.

So, who knows? Maybe we're actually making some sort of impression. I don't know whether it's good or bad, but it's not indifferent.

KING:

Yeah. And the main aim is to open the doors so that people understand behind some of that rhetoric...

MERSON:

Yeah.

KING:

... we hear in Canberra.

So let's start this morning on the tax summit. Is that, Dr Craig Emerson, a lot of rhetoric; a lot of hot air; anything going to come from it?

EMERSON:

I think it will. Obviously you do want to give people an opportunity to express views. It does seem to have moved beyond what I was a bit concerned about, Madonna, and that is everyone saying 'cut my tax and someone else can pay more'.

There does seem to be an appreciation that tax reform actually means improving the tax system; not just cutting taxes, because taxes as a share of GDP are quite low now.

KING: So what concrete will come out of this?

EMERSON: Well let's ... it's another full day, and we do have the background of the Henry blueprint. And some of the issues today will be related very much more to the personal income tax scheme and the welfare scheme and the interaction between the two; that is, very importantly, giving the incentive for people to move from welfare to work.

KING: George Brandis, I don't think the Opposition were invited along.

BRANDIS: We were not. No.

KING: If you were, what would you have put up as a change to the current tax system?

BRANDIS: Well, what we would have said, and what we will be saying every day between now and the next election, is that the two big new taxes that this Government's going to impose upon the Australian people - the mining tax and

the carbon tax - should both be abandoned.

And, interestingly, that was the view expressed to the summit by the Australian - the Queensland gentleman, actually - Andrew Liveris, who's the head of Dow Chemical, one of the biggest companies in the world, who was a keynoter at the summit ... at the forum yesterday.

How bizarre, Madonna, when the two big issues in tax policy in this country are the mining tax and the carbon tax - both of which are controversial - that they are the two taxes that didn't make it onto the agenda.

KING: But if you ... if you don't go ahead, and you're saying you're going to repeal the carbon tax...

BRANDIS: Yes.

KING: ...you're repealing the mineral resource rent tax...

BRANDIS: That's what we've said. Yes.

KING: Alright. So you're repealing those, especially that second one, creates a lot of money, a lot of revenue. Do you

have a specific plan of where you are going to raise that revenue?

BRANDIS:

Ah, yes, we have, and we will be announcing our tax policy at the appropriate time before the next election in - and in plenty of time for it to be discussed and scrutinised.

EMERSON:

Now, Madonna, this mining tax is worth a quick chat because the mining tax revenue is being used to provide small business tax breaks, a cut in company tax rate for those businesses that are not in the fast lane of the mining boom, and an increase in superannuation for working Australians.

KING:

Yes.

EMERSON:

What George omitted to say is if they repeal the mining tax they don't have the revenue to do those three important things. And, in relation to the carbon tax or the carbon pricing mechanism, there will be a trebling of the tax-free threshold, taking one million Australians out of the tax system which, again, they would need to repeal.

KING:

Some of those things ... some of those will actually be welcomed by ... by voters, I would have thought.

BRANDIS: Well, that ... that may be so. But what's not welcome is a huge new tax like the carbon tax, which the Government promised not to introduce, which will drive electricity prices through the roof...

EMERSON: \$3.30 a week.

BRANDIS: ... food and grocery prices through the roof; transport prices through the roof.

Now it's all very well for Craig to say, 'well, these new taxes will offset tax reductions elsewhere'. We will take our tax policy to the election as well. And we will find in the aggregates of the revenue and expenditure what we consider to be the right balance...

EMERSON: You've already...

BRANDIS: ... without these new taxes.

EMERSON: ... you've already got a \$70 billion black hole before you even start.

BRANDIS: That's not accurate, Craig.

KING: Look, I'm going to move on from this because George Brandis is saying the Opposition is going to release, before the election, how this will be raised.

EMERSON: Well, that's what they said last time.

BRANDIS: We did.

EMERSON: Then they got an accounting firm...

BRANDIS: That's right.

EMERSON: ... they got an accounting firm to audit it because they were terrified of Finance and Treasury doing so, because they did in fact find an \$11 billion black hole. It's now \$70 billion.

BRANDIS: Well, look, look, Craig, this claim that you keep making is just fanciful...

EMERSON: It *was* an accounting firm.

BRANDIS: ... but the, but the discovery of a black hole in the revenue is in fact a discovery in ... yesterday as appeared in *The Australian* ... of a huge black hole because of your Government's revenues because of a mistake you made last year in relation to the taxation of mergers and acquisitions by international companies. And there are billions of dollars that you expected to receive that you're not now receiving because you messed up.

KING: Alright, we're, we're even on black holes, but just before I leave the tax...

EMERSON: Well, we're not. We don't accept that we've got a \$70 billion black hole at all. Just because George Brandis asserts it does not mean that it's true.

KING: Okay ...

BRANDIS: But I don't think it's been...

KING: Let's move on to this, though: Dr Ken Henry, the former Treasury chief who's inquired into this tax system - as you said Craig Emerson - says cutting the company tax rate would benefit workers at the coalface. Do you agree with that, with that view?

EMERSON: Well, it would be as a result of some economic analysis that Ken Henry and Treasury have done.

There's a difference between the point of tax and the actual incidence of tax. And what Ken would be arguing is that overall, you know, if it helps boost after-tax profitability of corporations, they employ more people and so workers benefit.

But it is very easy to say 'cut the company tax rate by five percentage points'. We're cutting it by one. I would point out because of Tony Abbott's paid parental leave scheme they're going to

increase the company tax rate. But it is easier said than done to simply cut the rate by five percentage points as some were advocating.

KING:

On this, and some are advocating, yes, cutting the corporate rate from 30 to 25 - and the argument being that it would help non-mining sectors like manufacturing. Do you think there's an argument for that, George Brandis?

BRANDIS:

Well, I think there's always a good argument to be cutting tax rates, whether it be company tax rates or personal tax rates. That's why the last time the Coalition was in power we cut personal tax rates in seven consecutive Budgets, and cut company tax rates as well.

But how you mix it up - whether at any given time it's best to start with personal tax rates or company tax rates - is going to depend on the circumstances of the day.

EMERSON:

And we are cutting the company tax rate for that very reason.

KING:

By 1 per cent.

EMERSON:

Yeah, for the very reason that you said.

KING: Yeah, but there's a difference between 1 per cent and 5 per cent.

EMERSON: Yeah, and there's a difference between five and 10. You've got to find the revenue and the revenue for this comes from the mining tax, which the Coalition has said they're going to repeal.

KING: Alrighty, 20 minutes past nine. You're on 612 ABC Brisbane.

Ageing rocker, former Rose Tattoo singer Angry Anderson might try and enter Parliament as a National.

George Brandis, how would he go in either Throsby, based in Wollongong and held by Labor, or the northern New South Wales seat of Page – Labor, too.

BRANDIS: Well, I don't pretend to know a lot about those particular electorates. But I tell you what I think Angry Anderson's announcement tells you: and that is that the Coalition's message is reaching way beyond the ordinary people ... the people you'd ordinarily expect to be Coalition voters; way beyond even swinging voters; but a man like this, who years ago was a dyed-in-the-wool Labor supporter, but, as he says - and pardon the pun - he's just so angry with what the Government has done to this country.

And that anger - I mean it's a coincidence that his nickname is Angry Anderson, but - or his stage name was Angry Anderson - but there is anger out there about what the Government has done to the country.

KING:

Can this be a match to the flame of discontent on the carbon tax: that you have someone so well-known saying 'I'm doing this and it's over the carbon tax'?

EMERSON:

No, I don't think so. I mean I don't know Angry Anderson. I know the Mentals a bit better - Mental as Anything - but I don't know if they're thinking of running for elected office. I'd welcome that. They're a great band.

But in terms of Angry Anderson, obviously he's entitled to run. He's been at all of those carbon rallies. People have their views on this. We need to make this reform. We need to make the reform.

BRANDIS:

No you don't. I mean...

EMERSON:

Yeah, we do.

BRANDIS:

... if you needed to make the reform why did you go into the last election promising not to do this?

EMERSON: You know very well - and we've done this before - we promised...

BRANDIS: And we're going to keep reminding...

EMERSON: ...we would, and we never removed the idea - in fact, we promoted the idea - of an emissions trading scheme. This is an emissions trading scheme with a three-year fixed price.

The previous one ...

BRANDIS: There will be no carbon tax under the Government I lead.

EMERSON: ... the carbon pollution reduction scheme was an emissions trading scheme with a one-year fixed price.

KING: [Indistinct].

EMERSON: Exactly.

KING: But it is a tax. You agree it's a tax. Your boss Julia Gillard has said it's a tax.

EMERSON: Well I just don't think that it's worth going over the semantics of it over and over again.

KING: Alright, let me go to ... you say you don't know Angry Anderson. I know you

know Peter Garrett. But if there was a sing-off between them I wonder who would win. This is Angry Anderson.

[Plays music]

KING: Now that's Rose Tattoo. That's Angry Anderson, who may run up against Peter Garrett.

[Plays music]

Now, you play that with Peter Garrett. And yet you see him on the news. You kind of don't connect them any more, do you? We all grow up - or old.

BRANDIS: "Oh, oh, it's the power and the passion".

KING: So, Peter Garrett versus Angry Anderson. In terms of music, who would be your choice, George Brandis?

BRANDIS: Well, it's not really my type of music.

EMERSON: Oh, come on - you're an old rocker from way back, George.

BRANDIS: But I suppose I'd have to give my vote to Angry Anderson since, unlike Peter Garrett, he is not singing lyrics that are of a political character that are completely the opposite of the policies he's now implementing as a minister.

EMERSON: Oh yeah, George had to make a political point.

KING: So would you say ... who would you say?

EMERSON: I would say Peter Garrett: one, because I've always loved his music, and, two, I saw a program on television a little while ago, and it was the top 100 hits of all time. Must have ... I suspect it was Australian, but Peter Garrett and *Beds Are Burning* came in at number 17.

And, you know, he's written some fantastic songs. And he was involved, by the way, in the ban on mining in Antarctica with Bob Hawke, myself ...

KING: Long time ago, though.

EMERSON: Yeah, but they only yesterday were celebrating a 20-year anniversary of the ban on mining in Antarctica.

BRANDIS: Was that the time when he was saying that we should get rid of the American alliance, Craig?

KING: Can I just say...

EMERSON: Well, if you're in favour of mining in Antarctica, let us know.

BRANDIS: Well, I'm certainly in favour of the American alliance.

EMERSON: So am I.

KING: I'm not sure either of them are my speed, either, George Brandis. I'm wondering if this might be more you and me.

[Music]

Nessun Dorma: Jeff Beck's version. How beautiful is it? I'll be playing that a little bit between now and October 21.

EMERSON: That's going to calm George down.

KING: Let's go back to pay rises; these pay rises being floated for Federal MPs: backbench salaries tipped to almost double, to around \$250,000. You two would also have a lot more spending money. Just explain how these are set first.

EMERSON: A decision was taken by the Government and, I think, supported by the Coalition to put this in the hands of the Remuneration Tribunal. That is the independent referee.

And, yes, there are headline stories about big pay rises. I don't know the details because it is an independent tribunal. But I'll bet you this: there would be a wrapping-in of various entitlements into that.

KING:

Yes, there is. There is a wrapping ...a rolling-in of entitlements like office and travel, so that there is a greater transparency in terms of 'this is exactly what you get'. But it was reported in June that the Tribunal had free rein to set the base pay of politicians. Previously, you could reject the Tribunal recommendations. Why would Parliament change it that you can't actually reject them?

EMERSON:

I think because there is no consensus, and will never be a consensus, on the appropriate level of pay. We quite readily had two pay freezes - no problem with that.

If I could just give an example of where I think an improvement could be - this is just a personal view, and it actually is about the Coalition. Do you know that Shadow Ministers are paid a backbencher's salary? And someone who serves on a committee in the Opposition would be paid a little bit more than George Brandis. I think that

they should get paid at least a proportion of a ministerial salary.

KING:

Yeah, well it's easy to say politicians are paid too much; politicians aren't paid enough. But is there a way of equating what a politician does to another profession or, I don't know, American politicians; other politicians in other jurisdictions? Is it set against another occupation, George Brandis?

BRANDIS:

Look, I don't really know exactly how the current figure is worked out. But I'll tell you what I think is driving this. And that is the comparison between Members of Parliament and, in particular, ministers and the senior bureaucrats who really are answerable to the ministers.

KING:

And who earn almost double probably.

BRANDIS:

Exactly. And I think most ... I mean I don't comment on politicians' pay. I think it should be an independent process and that's it. But I think most people would find it a little surprising that when the minister is meant to be running a department, or at least running it in collaboration with the permanent head of the department, that the permanent head of the department is paid many - sometimes several - times what the minister is paid.

So, the driver of this has not been pressure from the politicians. The driver of this has been the need to pay the top public servants and people like the Chief of the Defence Force and ...

KING: To match the private sector.

BRANDIS: To match the private sector.

KING: Alright, that's pay. Queen Elizabeth II will arrive shortly. Either of you expected to meet her?

EMERSON: There'd be a chance. I'm not scheduled to, but there will be functions. I imagine there'd be a function.

BRANDIS: I don't think the arrangements have been published yet.

KING: You would actually like to, wouldn't you, Senator Brandis?

BRANDIS: Absolutely.

KING: Whereas Craig Emerson, could you care? You're a republican?

EMERSON: Oh yeah, I've met her before.

KING: Yes.

EMERSON: Yeah, at the Canberra races.

KING: What did you talk about?

EMERSON: The Queen Elizabeth Stakes. We were actually having a bet. I don't think she had a bet, but Bob Hawke and I did.

KING: I bet you did - Bob Hawke! If you're hanging around the likes of Bob Hawke, there would have been a bet. But what do you talk about when you're ... people say, 'well, it's pleasantries'. So we're going to talk a little bit more about this with the constitutional monarchists after 10 this morning. But what do pleasantries mean? I mean how boring for her if everyone just talks about the weather.

EMERSON: They're very good at that.

KING: Or the wedding.

EMERSON: Queens and kings are very good at creating a small conversation. I think the trick is to move from the small conversation to a larger one; a more meaningful one. I think I've told you before...

KING: If she's interested. But maybe that's rude.

EMERSON: Well, that's right. You know, like it's expected that the Queen would meet many, many people. And it's difficult to stop and have a long conversation.

KING: George Brandis?

BRANDIS: I think that's right. I mean I think we all admire the way the Queen, for nearly 60 years now, has carried out this role with ... just flawlessly, and with real aplomb.

KING: Dignity, real dignity.

BRANDIS: And I think she's an exemplary figure, whether you're a republican or, as I am, a supporter of the constitutional monarchy.

KING: And where does she get those shoes to match exactly the dress and the coat?

EMERSON: I've never thought of that.

BRANDIS: I think you're asking the wrong people.

EMERSON: Yeah, that's right.

KING: I don't know...

EMERSON: I have told you I've met Prince Charles, and we had a long chat. That actually

was amenable, because we were getting the ferry across to Fraser Island. And I've met Lady Diana.

KING: He's a bit of a chatterbox, is he?

EMERSON: Yeah, yeah. He's got a lot of strong views, so that makes it very...

KING: About a whole lot of things.

EMERSON: About a whole lot of things. He was really...

KING: What did he say to you?

EMERSON: Oh, he was talking about public servants. We were just talking about them and how they'd basically destroyed the landscape in London.

[Laughter]

And I was with Molly Robson, who, you know, is from the Left of the Labor Party, and, like me - well, she's fully Welsh - and my mother was Welsh. And Molly was carrying an umbrella around for him, and I think she copped a lot of stick over that.

KING: Alright. We're up against the news. But just before I let you go, the ANU's Brian Schmidt has won the Nobel Prize for

physics this morning. What does that mean for Australia? And, you going both had a smile on your face in talking about it this morning?

EMERSON:

It's a source of great pride. And our university - the Australian National University - is tucked away there in Canberra and is one of the great universities of the world. And that Brian Schmidt could get this prize because they worked out that the universe is expanding at an accelerating rate is a fantastic achievement.

I just am fascinated by all of this. And, you know, I think it's an inspiration to young people...

KING:

And very down to earth.

EMERSON:

... to go into these courses. Very down to earth. He probably knocks around in a pair of shorts or whatever. And that's very much the ANU tradition: have a go.

BRANDIS:

Well, it is a great honour for Australia. I think he was the 12th Australian Nobel Laureate in the last century...

KING:

Ah.

BRANDIS:

...and the third physics Laureate. It's a great thing for the Australian National

University, which Craig, I know, is an alumnus, as the ANU...

EMERSON:

It's true.

BRANDIS:

The ANU is, as Craig rightly says, one of the great universities of the world. In the world university rankings, it always comes first among the 39 Australian universities - and we should be very proud of it.

KING:

Pretty big prize, isn't it? You'd celebrate. Can you imagine getting a phone call at 8:30 in the morning and then the media start. I spoke to him at 5:30 this morning. And you just think his life will be a whirlwind.

EMERSON:

Yeah, inevitably transformed and people will never forget that; and may never forget the work that he's embarked upon.

BRANDIS:

Well, I think particularly when he very modestly said to you, Madonna, that he had proved that Einstein was wrong when Einstein thought that he was wrong. And I've always suspected that the universe was accelerating at an accelerating rate.

KING:

You could go places.

BRANDIS: It's a bit like the public debt, Craig.

KING: Craig Emerson, thank you. George Brandis, thank you.

BRANDIS: Thank you very much, Madonna.

KING: Look forward to talking to you next week.

EMERSON: And here's a box of chocolates for you.

KING: Oh, he had to beat you, didn't he? Flowers, chocolates: I don't know which I prefer.

EMERSON: You don't need to choose.

KING: I get to have both.