



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

Transcript  
Doorstop interview at Parliament House, Canberra  
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E&OE

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*Subjects: Tax reform; politicians' salaries; banking reform; proposed ASX merger  
East Asia Summit*

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EMERSON: Well, the Melbourne Cup is run on Tuesday, this coming Tuesday, and Tony Abbott is backing every horse. He's backing in reformer, he's backing in meddling and he's also backing any other horse that he can get on. But the truth is Tony Abbott is backing that horse called self-interest. We've seen a week of turmoil within the Liberal Party as the battle rages for the hearts and minds of the Liberal Party. We've got the interventionist Joe Hockey saying that he wants to re-regulate the financial system. We've got Mr Abbott three times refusing to support Mr Hockey's call to re-regulate the financial system until it was revealed that he didn't know that Mr Hockey had revealed, put out his nine-point plan. And then, after a week of debate about economic reform, Mr Abbott delivers a speech last night and says, well, I'm a reformer too. So he's a meddler, he's an interventionist, he's a reformer.

The truth is on Tuesday he'll be backing that horse called self-interest because Tony Abbott only has an interest in advancing himself at the expense of working Australians, at the expense of Australia's future prosperity because, in truth, he is an unreconstructed interventionist. He wants to re-regulate the Australian economy, take us all the way back to before 1983 when the Hawke and then the Keating governments unleashed, through a deregulation of the Australian economy, about 20 years of recession-free prosperity. Tony Abbott wants to wreck all of that, turn the clock back. Why? Because he thinks it's in his own self-interest to do so. But, in so doing, he would

smash the living standards of working Australians and smash job creation in this country.

QUESTION: Minister, what do you think of the comments today from Mr Hockey saying he's willing to talk with the Greens about getting his bank motion up, given that last week they called them the lunatic fringe?

EMERSON: Well, in fact, what a damning indictment from Don Randall, who is a Western Australian backbencher, who himself described Joe Hockey's plan as from the lunatic fringe. Now, Mr Hockey, I don't know that Mr Hockey understands where he is from one day to the next. By Monday Joe will be a reformer because there will be people within the Liberal Party who will say: 'Joe, we think you've gone too far in calling for turning back the clock 25 years to the re-regulation of the financial sector'. Joe will then think, well, maybe I should be a reformer too because Tony is a reformer. And then Julie Bishop will say: 'Well, you're trashing the Liberal Party brand, you need to be a reformer'. It's all over the place. And what I think what we're seeing, what we're seeing is something that happens around every 20 years in the Liberal Party - and that is a big internal battle for the hearts and minds of the Liberal Party.

Going back a bit over 20 years there was the formation of the New Right. And some of you might remember that, others won't. And, as result of the formation of the New Right to smash the wets, in came a new parliamentarian - I think it was in 1990 - his name was Peter Costello. And so the New Right was formed. They purged Ian McPhee. David Kemp came in at that time. And so they were going to be the economic dries. Now, the economic wets, the interventionists, are in the ascendancy. And the people who are leading the charge for the economic wets are Tony Abbott and Joe Hockey. And, at the last minute, Tony Abbott says: 'Oh, this is getting out of hand, I'm a reformer'. It is just a debacle. And what we are seeing is an internal struggle for the hearts and minds of the Liberal Party.

QUESTION: How worried do you think middle-income earners should be about ... flat tax?

EMERSON: Well, middle income earners should be very worried because middle-income earners would pay around \$500 a year more under the proposal that Tony Abbott has embraced. And Tony Abbott would get a tax cut of \$4000 a year. No wonder Tony Abbott thinks this is a great idea. It would put \$4000 into his kick, take \$500 out of the pockets of middle-income earners. This is very typical of Tony Abbott. I remember when he first went into Opposition he complained about how hard it was to make ends meet on \$132,000 a year. Well, he wants \$4000 for his kick and he wants middle-income earners to pay the bill.

QUESTION: So, was the government right to rule that out? And will it stay ruled out for good?

EMERSON: What we're doing is continuing the process of tax reform in this country. You'd know that we are already providing a 50 per cent discount on tax on bank interest. We're providing a \$1000 standard deduction. We will continue to work through the processes that Wayne Swan has set out. But whatever we do, whatever we do will be fair. And it will be economically responsible, in very clear contrast to Tony Abbott, who - now this latter-day convert to tax reform - went into the last election with a tax policy involving a great big new tax on everything you buy to fund his paid parental leave scheme. And I have not seen one repudiation by Mr Abbott of the policy that he took into the last election, which was to increase tax, not reduce tax.

Now, that is actually consistent with what's happened under the Liberal-National Party Governments in the last period. From 2002 to 2007 inclusive, the Liberal and National Party Government held the record as the highest-taxing Government in Australia's history. We come to a Federal Election and what does Mr Abbott do? He proposes to increase tax. And - a very incredible feat on his part - both to increase tax and blow a black hole in the Budget of up to \$11 billion.

QUESTION: So, is the government scared of tax reform if it costs a few people in the community a couple of dollars a week?

EMERSON: We've already implemented three rounds of tax cuts that for a middle-income earner are worth around \$1550 a year. This is meaningful tax cuts, meaningful tax reform. We are going ahead with the Mineral Resource Rent Tax that will - if it is passed by the Parliament - provide small business tax breaks, reduce the company tax rate and allow us to increase the superannuation guarantee from nine per cent to 12 per cent. These are all reforms. They are benefits for working Australians, they are benefits for small business, all opposed by the Coalition. I'm happy to keep going. All opposed by the Coalition.

So, when the Labor Government comes up with a package of tax reform, what does the Coalition do? What does Tony Abbott do? He opposes it. He opposes it. This man is a member of a Cabinet that was the highest-taxing Government in Australia's history. And now he says: 'I've got reform, I've got reform'. And what is the reform that he embraces? A tax change that would put \$4000 into Tony Abbott's pocket and take \$500 out of the pockets of middle-income earners.

QUESTION: Minister, you talked about politicians' pay before. The Remuneration Tribunal says that the pay for ministers is way too low and not comparable with the private sector. Do you agree with that? Do you deserve a big boost in your salary?

EMERSON: I have never complained about the remuneration I get. I have never in the past, and I'm not about to at present. The tribunal is an independent tribunal but I've never complained about the remuneration that I receive as a Member of Parliament. I think it is a privilege to be a Member of Parliament, to be talking to you here today, and to do the work that we do on behalf of the Australian people.

QUESTION: So have the tribunal got it wrong?

EMERSON: The tribunal's an independent organisation. It makes its judgements and I'm not going to endorse or criticise those. I can express an opinion about my situation and that is, in the 12 years I've been in Parliament, I have not complained about my remuneration. Leave these matters to the independent tribunal.

QUESTION: It also says the salaries for departmental Secretaries are too low and not comparable with the private sector. Do you think that they deserve a pay increase?

EMERSON: Well I think that the departmental Secretaries are very great Australians. And the truth is that departmental secretaries are in the same pool, if you like, in terms of the workforce, as people from the private sector. And the truth is people with commensurate skills who are prepared to take similar risk in the private sector tend to get paid considerably more than departmental Secretaries. So, I will never criticise a decision that says that departmental Secretaries should be properly remunerated. I think they should.

QUESTION: Minister, what do you say to the Greens who look like they may support the Liberal's motion on the banking inquiry?

EMERSON: I think it's a great democracy and the Greens can make their own decisions. The fact is the sponsors of the proposed re-regulation of the Australian financial system are Mr Hockey and Mr Abbott. Mr Hockey and Mr Abbott need to explain why, if their proposal to re-regulate the banking interest rate were to be accepted, how that would help those low income earners who before, when there was a regulation of interest rates, missed out on a loan. Because the banks actually said that they would only lend to higher middle-income earners and high-income earners. And the low-income earners missed out because they hadn't been banking with that particular bank for 10 or 20 years and because they hadn't been able to scrape together the necessary deposit.

The Secretary of the Treasury, Ken Henry, recently told a Senate Estimates hearing that when he was a young fella he couldn't get a loan. This is what Mr Hockey and Mr Abbott want to return to, where low-income earners and young people couldn't get a loan. That's what used to happen before 1983. They want to turn back the clock so that

young people and lower-income earners are shut out of the mortgage market.

That's not fair but that's the sort of policy that you can expect from this new Liberal and National Party, which are the party of interventionists. They are the party of winding the clock back, reversing the great reforms of the Hawke and Keating era that unleashed nearly 20 years of recession-free growth and prosperity. We're going to continue as reformists, that's why Julia Gillard has reaffirmed twice in the last little while that this Government will press on with reform. But we now know, through the words of Mr Hockey, the Shadow Treasurer, and Mr Abbott, the Opposition Leader, that they will seek to thwart and stymie reform at every possible opportunity. Why? Because on Tuesday in the Melbourne Cup, they will be backing that horse called self interest.

QUESTION: Just on the ... tax you've said that a lot of ordinary Australians will lose money. How then would you describe Tony Abbott's attitude to ordinary working Australians?

EMERSON: Well, Mr Abbott is displaying the sort of attitude that he's displayed many times before. And that is, if he can provide some more benefits to high-income earners and slug middle-income earners and lower-income earners, that makes him happy. This is Tony Abbott's heritage. That a slug on middle-income earners to pay tax cuts to high-income earners is right up his alley. This is exactly what Tony Abbott has always stood for.

QUESTION: This morning I think you said he didn't give a - fruity language - rat's arse about Australians.

EMERSON: We're on national television, that was ABC radio.

QUESTION: National radio. Should a minister be using such fruity language anyway?

EMERSON: Oh well, I think it was Tony Abbott who used even more colourful language in the not-too-distant past, so I think he will be able to handle me speaking, saying it as I thought. And that is, that Tony Abbott doesn't give a rats about economic reform. The fact is, Tony Abbott does not give a rats about economic reform.

QUESTION: Dr Emerson, there's a lot of debate about the ASX. Do you reckon there's any risk that some of the commentary about it looks protectionist, would be bad for trade relations with Singapore?

EMERSON: I think that there's been an unfortunate prejudgment of this proposal. The professional approach in relation to the ASX proposal is one that allows the authorities to do their work against this test; is it in the national interest? And yet again we've had senior Coalition spokespeople out there saying Wayne Swan must prove it's in the

national interest, raising all sorts of doubts about it before any assessment has been made.

This is very typical of Tony Abbott and Joe Hockey. You cannot possibly sustain the argument that they are reformists - they always back self interest. And what's going on in the Liberal Party at the moment is a big battle for the hearts and minds and the future of the Liberal Party, between the dying race of those who believe in markets and competition and the emerging group, led by Abbott and Hockey, who believe in intervention.

And if you could just bear with me for a moment I'll explain that statement. Look at what's happened to Stephen Ciobo, a former Costello supporter, purged. Look at what happened to Tony Smith, a former Costello staffer, purged. Look what happened to Senator Michael Ronaldson, a former supporter of Peter Costello, purged. Look what's happening to Mr Fletcher, who replaced Brendan Nelson, probably reckons he should have a chance because he knows a thing or two about markets. He's sitting there cooling his heels on the backbench. Look at Kelly O'Dwyer, former Costello chief of staff, as I understand, I'm told had lots of potential, lots of promise. Well, Tony Abbott can't see it. Why? Because no doubt she's on the side of those who actually believe in markets and believe in competition.

They're the group that are being purged by Tony Abbott and Joe Hockey as the wets and the interventionists ride over the top. This is the reversal of what happened more than 20 years ago. This is Tony Abbott and Joe Hockey saying that no, when they've got people who are interested in markets, people who are interested in competition, people like the Labor Government who are interested in reform, we're opposed to them. And we want to come through and just cash in on some cheap jack populism, some cheap jack populism to try to get themselves into Government. The only horse that Tony Abbott's backing on Tuesday is that horse called self interest.

QUESTION: Minister the East Asia Summit's starting. Can Australians expect anything out of that as far as business and trade?

EMERSON: Look I'd rather leave that now, particularly while Julia is over there. And I'm sure she'll have plenty to say to the media about that. But of course we think that this region continues to offer enormous opportunities for increasing Australia's prosperity and also for the other countries of the region. And the value of trade, as you know, for Australia is that it creates high-skilled, high-wage jobs. That's the path of the future, open trade, not the sort of interventionist approach that's being supported by Tony Abbott and Joe Hockey. Thank you very much.

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