



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
ABC INSIDERS
30 October

E&OE

Subjects: pokies reforms, European rescue plan, Doha Round, uranium sales to India, mining tax

BARRIE CASSIDY: And we're joined in Canberra now by the Trade Minister, Craig Emerson. Craig Emerson, good morning. Welcome.

CRAIG EMERSON: Good morning, Barrie.

CASSIDY: On that question of poker machine reform: how solid are your colleagues on this issue, particularly those feeling the heat in some marginal seats in New South Wales and Queensland?

EMERSON: The Government is determined to achieve reform in this area of problem gambling when, on average, problem gamblers lose \$21,000 a year. That's a lot of broken homes; it can lead to domestic violence; huge social hardship.

I think we have to confront that, rather than pretending that it's just a minor issue that we can really brush away with a little bit of counselling, as Mr Abbott is now recommending. The idea of counselling is not a new idea. Of course there is counselling. There is counselling in casinos, for example, who do have resources to deal with some of these problems. But let's not pretend that this is not a major issue, and the Government is determined to deal with it.

CASSIDY: Tony Abbott has shown his hand. He is predicting that his party will oppose it, and you will be up against not only the clubs but it seems significant sections of the media.

EMERSON: Well, indeed. And our policies can't be bought and sold. I don't think it's a good sign for the future if, in a democracy, we are confronted with threats of putting \$2 million into campaigns in all of the Labor marginal seats.

I think the Australian people would object to the idea that a government's or an opposition's policies can be bought and sold.

Now Mr Abbott has seen the attraction of that \$2 million-per-electorate campaign. And of course he's said something that he's said every day since he's been Opposition Leader, which is "no". But he's not singing from the same song sheet as Malcolm Turnbull, who today in an exclusive interview in the Courier Mail said, well, he's not necessarily lining up with Tony Abbott on this. This is a former leader of the Liberal Party who obviously does have a conscience about these matters.

CASSIDY: A former Leader of the Labor Party's saying the same thing, isn't he? He's staying out of the debate?

EMERSON: Well Kevin Rudd is a supporter of dealing with this problem. And we are looking to mandatory pre-commitment. And I understand from the ads and the campaign that's gone to air that it's "won't work, will hurt". Well, why would you be opposed to trials of mandatory pre-commitment? Maybe they're terrified that mandatory pre-commitment will work.

Now, we have been in discussion with Clubs ACT. But I would urge the industry to say, "well, if we are, the industry, convinced that mandatory pre-commitment won't work, what do we have to fear from trials?"

CASSIDY: I want to ask you about the international economy and how you saw the European leaders' rescue plan. Is it both credible and durable?

EMERSON: The best judge of that is actually the markets. I mean I could go through the various components of it and make my own judgment and, frankly, that wouldn't influence the markets one bit.

So far the markets have given it the thumbs up. But Europe will need to be vigilant to make sure that it does have a sustainable plan in place, confronted with this reality that Europe and the United States are going to grow very slowly for a substantial period of time.

Not by accident but by design, Australia is much more deeply integrated into the Asian region in the Asian Century as a result of visionary leadership from Bob Hawke and others. And Julia Gillard has launched this Asian Century white paper to make sure that we're even more strongly integrated into the fastest-growing region on earth.

And I make this point: people say 'well, if there is an economic slowdown again, will China then succumb to that?'. It has foreign exchange reserves equal to more than twice Australia's annual national income. And I don't think the Chinese authorities would sit around doing nothing if there was a real slowdown in Europe and the United States. I think they will continue to invest in public housing, in infrastructure - and all of that's good news for Australia.

CASSIDY: Is it our role for Australia in all of this through the G20 to support the initiatives that the Europeans have now taken?

EMERSON: Well, indeed. And Prime Minister Gillard and our Treasurer, Wayne Swan, have been very active. They have been critical of what were shaping up as rescue packages for Europe. I'm sure our Prime Minister will join other leaders in saying again to the leaders of Europe in particular that they have a big role to play here in making sure that the package is sustainable and enduring over time. Because we don't want that contagion which we saw during the global recession that became very bad for North America and Europe, where 11 million jobs were lost, but here in Australia we actually gained a couple of hundred thousand jobs.

So we withstood that last time. You wouldn't want to be in any other place than Australia in these sorts of times, integrated into the Asian region in the Asian Century.

CASSIDY: Now on issues of trade, and based on remarks at the fringes of CHOGM, it does seem now that you have given up on the prospect of a global agreement through the Doha Round. It's now a case of sector by sector.

EMERSON: No, I'm still in favour of a global agreement - but breaking it up, as you say, sector by sector, issue by issue; whether agricultural export subsidies, farm subsidies, services, manufacturing tariffs. All of these matters are in one big impasse, a logjam. And what we need to break that logjam, and I think the best way to do that, is to come back, create a new pathway and then deal with each of these issues on their merits and bring them to a successful conclusion on their merits, rather than wait for this very complex package or this very big logjam, if you like, to be broken.

So that's the plan that Australia is putting. And while it's early days, Barrie, I'm very heartened with the sorts of responses we're getting from other countries to that plan.

CASSIDY: But aren't you going down that pathway because world sentiment is basically shifting against the open-door policy?

EMERSON: That's right, absolutely. There is a shift in sentiment. It's a worrying shift in sentiment, and Australia is not part of that. We reaffirm our commitment to free and open trade. But it is true that in those countries, particularly that are growing very slowly, their domestic voting constituencies are basically saying, "well, let's protect our industries". The Great Depression was deepened and exacerbated - lengthened in time - from those very policies and we need to learn those lessons.

No one has said to me yet, Barrie, in terms of the sustainability of growth in the United States and Europe how that growth is going to be achieved. No more fiscal packages; the debt's very high. No more monetary easing, because the monetary easing has already taken its course. The only way through this is gains from trade through specialisation. That's what gets countries growing and that's Australia's position.

This is the formula for growth such that we're not squabbling over a fixed or a declining number of jobs, but we're actually increasing the number of jobs around the world, and then we can divide those up. It's much easier to do that than to be in a dogfight about a declining number of jobs worldwide.

- CASSIDY: On the issue now of uranium sales to India: it looks as if it's going to be quite an issue at the national conference. Martin Ferguson and Kevin Rudd have both said they're looking forward to that. How do you feel about the prospect of a divisive issue at the conference?
- EMERSON: I've always taken the view, whether this becomes an issue or not, that national conferences should be a forum for thrashing out issues and shouldn't be stage-managed.
- I can't remember, going back to the uranium debate of 1984, a time when the Australian Labor Party has been weakened by robust debate at conferences. I think it's important for the rank and file membership, for the delegates, for the parliamentary party, that we do have robust debates. Whether there's one on uranium sales to India, I don't know. But I'm sure we won't be lacking in vigour at the forthcoming conference, and the Prime Minister has already said that's appropriate that we should have robust and vigorous debates.
- Once those issues are settled by a majority vote at the conference, they are then settled.
- CASSIDY: So, is that the way it works: if the conference takes a decision that you should sell uranium to India, then the Government will implement that policy?
- EMERSON: Well, as I say, I don't even know whether this is going to come up as an issue.
- CASSIDY: Well Martin Ferguson and Kevin Rudd are very confident that it will be.
- EMERSON: The current policy is not to sell uranium to India, simply because ... it's no reflection on India, but it's not a signatory to the non-proliferation treaty. We sell uranium to countries that are signatories to the non-proliferation treaty.
- I don't mind what the debate is, but I'm certainly not going to pre-empt it and then start saying what happens if that policy is changed.
- CASSIDY: But we can be clear about that, can't we? Who makes the decision: will it be national conference or federal cabinet?

EMERSON: Well, the national conference sets up the structure; that is, the national platform. The national platform is binding. It depends what would be said in the words in any change, if there is to be any change, in that national platform. And I don't now want to say, based on what you and I might guess might possibly be a change to the wording on uranium sales to India, that this is what the cabinet's response would be. I think we're far too early in the debate on that, if there is to be a debate, to then start pretending that we know what the outcome of that debate would be.

CASSIDY: And just finally on the mining tax that will be introduced into the Parliament this week: to what extent will you need to tweak the legislation to get it through?

EMERSON: Well, we're determined to implement the legislation as it is, Barrie.

This has been the subject of a very long consultation process with industry, and the Australian people understand and want this: that the broader community should share in the benefits of the mining boom. And we're going to do that by cutting the corporate tax rate for non-mining companies; we're going to do it by giving small business a tax break; we're going to do it by increasing the superannuation of working Australians from 9 to 12 per cent.

What's Tony Abbott said? That mining companies already pay too much tax and he's going to rescind the mining tax and take away all of those benefits because he thinks that the mining industry is hard done by. This guy is so out of touch.

And they then say that they've got \$50 billion worth of savings. I looked at that table and, yes, it says they're not going to give small business tax breaks; they're going to increase the company tax rate; they're going to take superannuation off working Australians. But then they say they're savings, but they forget that they're not going to apply the mining tax, so they don't get the revenue from the mining tax. This is a \$9 billion error; a new \$9 billion error in their savings plan.

And that's why they'll never subject this to Treasury or to a parliamentary budget office. They'll probably get an accounting firm in Mosman who's a good friend of Joe Hockey's to say 'yeah, this all adds up'.

Well, this is the standard of debate and economic literacy on the Coalition side. Is it any wonder John Hewson, former employer of Tony Abbott, described him as totally innumerate?

CASSIDY: Well, no doubt we'll hear a lot of that this coming week. Thanks for your time this morning.

EMERSON: Thanks, Barrie.