



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

Transcript  
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E&OE

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*Subjects: Qantas, Australian deaths in Afghanistan, coal seam mining, mining tax, Melbourne Cup tips.*

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DAVID LIPSON: Hello, and welcome to AM Agenda. I'm David Lipson. Qantas planes are back in the air, with situation normal expected as soon as this afternoon. Still, the recriminations as to who's to blame go on unabated.

[Excerpts from earlier interviews]

TONY ABBOTT: The Prime Minister had a clear option open to her on Saturday afternoon under the Fair Work Act, her act. She wrote it; she should understand it. She had an option available to her to terminate the dispute, and she didn't. She instead allowed the grounding to take place. She then put it into Fair Work Australia where it needn't have gone, and we had 48 hours of chaos.

SIMON CREAN: It's not the Act that determines action to resolve these things; it's the will of the parties and the resolve of the Government of the day. The Prime Minister's resolve was 'we have to get the planes flying; we have to support the Australian public; we have to make sure that the economy is not crippled'. And she acted as quickly as she could and the planes are back flying.

[End of excerpts]

LIPSON: Well, joining me now on our panel is Trade Minister, Craig Emerson, and Shadow Environment Minister, Greg Hunt. Thanks very much for your time here in Canberra this morning.

GREG HUNT: Good morning, David.

LIPSON: Craig Emerson, first to you. What's the point in having government powers to intervene directly in a dispute like this if the Government's afraid to use them when push comes to shove?

CRAIG EMERSON: The powers relate to causing significant economic damage to the country. And it doesn't make sense for the Government to refer issues to Fair Work Australia where they can be readily resolved. And indeed, that's not just the Government's view; it's the Opposition's view. We've had more than a decade of Mr Abbott saying there should not be third-party intervention; it should be a matter of resolving disputes between the two parties; government and third party umpires should stay out of it.

Well, we saw this great conversion - very convenient conversion - in the last few days, with Mr Abbott now saying he's all in favour of arbitration after spending his lifetime opposing it.

LIPSON: But in the end, those negotiations didn't seem to be going anywhere. Qantas took this, well, in the Government's words, "extreme action". The Government had two choices: either send it on to Fair Work Australia or get directly involved.

So why not get directly involved and have the same outcome potentially, and avoid...

EMERSON: Well, I can answer that. And I saw your comments yesterday suggesting that the PM didn't use a particular section of the Act because she would have owned the issue politically. She used the section of the Act that was most likely to resolve the dispute: and that is, get the planes back in the air so that the inconvenience to the travelling public would be removed.

Not everything around Parliament House is motivated by politics. This was a decision taken by the Prime Minister to use that section of the Act that was not justiciable and therefore

wouldn't end up in the courts. The Prime Minister was behaving in the national interest. And I know there's a lot of people who love politics around here and they say 'ah, politically motivated that she actually used that section of the Act to get the travelling public back on planes in the air'. I actually think it was clearly a decision in the national interest.

LIPSON: Well, I wasn't suggesting that it was politically motivated. But I was pointing out that that would have been the outcome: that she would have owned the issue politically...

EMERSON: Well, and...

LIPSON: ...had she gone that way.

EMERSON: ...and had put ... then have gone to the courts, in all likelihood, and the planes would have stayed on the ground. Now, the Prime Minister's objective was to get the planes back flying.

LIPSON: Greg Hunt, the Opposition is saying that the Government did not act early enough. They really only had three hours' notice, if you listen to what the Government's saying, also to what Alan Joyce is now saying. And they did send this straight on to Fair Work Australia, which did come up with a fairly quick response. Although a lot of people were still inconvenienced, the process seemed to work, didn't it?

HUNT: No. This is a failure of action. It was a failure of resolve. There was the power to act; there was the time to act. And most interestingly, this morning we see that at least two ministers in the kitchen cabinet - Bill Shorten and Anthony Albanese - urged immediate action. And there were two things that came out of that: firstly, there were ministers advising differently to the position taken by the Prime Minister; secondly, the inner kitchen cabinet is itself leaking.

There were five members of the Cabinet on the hook-up call: the Prime Minister; Bill Shorten; Anthony Albanese; Martin Ferguson, reportedly; and Chris Evans. One of those at least is leaking to the papers.

So what you have is a government which is paralysed in the face of a need for urgent action, which caused chaos; and,

secondly, a government which, at its absolute core, is full of complete mistrust and disloyalty.

LIPSON: Any leaks aside though, what's the problem with the Government and particularly Cabinet having a discussion about what's the best course of action to take?

HUNT: Well, firstly the impression given by the Prime Minister was that there was no dispute; there was no sense that there was...

EMERSON: Oh, come on, that's absurd.

HUNT: ... another course of action. There was a clear course of action. That course of action could have been for the Prime Minister to use her own Act, Section 431 of the Fair Work Act, immediate action. Instead, you have almost a sense of a Prime Minister who's like a deer in the headlights of history - just paralysed by inaction at moments of crisis.

LIPSON: Craig Emerson?

EMERSON: We need to recap on what I said. If that section that now the Coalition says should have been used - although they have been opponents of arbitration all of their adult lives - was in fact used, as the Prime Minister said in response to every question in Parliament yesterday - you need to pay attention - that that particular section of the Act is justiciable. Therefore, while the planes were on the ground, people would be in the courts arguing the point.

The objective was to end the lockout; end the industrial action. And that's exactly what Fair Work Australia did.

LIPSON: Greg Hunt, would you rather see the Government settle these sorts of disputes more often? Isn't an independent umpire a better way to go?

HUNT: We don't want damage to the Australian economy.

EMERSON: Well, answer the question.

HUNT: This was a moment in history where there was a massive risk of not just real and significant chaos for 24 hours or 48 hours, as it transpired, but of long-term reputational damage to the Australian economy.

For many people, it's a choice whether they come to Australia for tourism. It's a choice whether they fly Qantas.

LIPSON: So how ...

HUNT: So reputational damage on a long-term basis, avoidable damage if the Prime Minister had acted immediately.

LIPSON: So to avoid that, then, do you get the Government to settle disputes more often with its own hand rather than the independent umpire?

HUNT: Well, this was a moment for prime ministerial action. This was a moment where there was the threat of deep and lasting national economic damage. So there was immediate economic loss; there was huge chaos in terms of people who have births to attend; people who have weddings, funerals, business - real and important elements in their lives. And then the reputational damage, not just to Qantas but also to Australia, and in particular to the reliability of our tourism sector.

LIPSON: So is it a problem with the Act? Does the Act need to be changed?

HUNT: Well, the power is there; the power is there. The Prime Minister could have acted.

LIPSON: Are you happy with the Act, the Fair Work Act?

HUNT: Well, the Government's got its own review and we'll look at that when it comes out. But let me say this: the Prime Minister was the drafter of the Act, and in particular that section. She had the power, and most significantly, I hear what Craig said about ...

EMERSON: No, you didn't.

HUNT: ... the Prime Minister in Question Time yesterday. Two of her ministers disagreed with her in a kitchen cabinet of five.

EMERSON: According to newspaper reports. But now you just put two questions directly to Greg Hunt and he refused to answer them. Are they for arbitration or not?

In the Fair Work Act there is a capacity for arbitration. In WorkChoices they did not want any third-party intervention. That was their philosophy. Now, because of the Qantas dispute, the Coalition is now saying, after a lifetime of opposing third-party intervention, they now support it.

Who knows what the policy will be next week? And the point is that the policy of Mr Abbott is driven purely by politics every time, every time.

And in terms of reputational damage, well, Qantas will need to consider that. I mean, it did ground its entire fleet with three hours' notice to the travelling public. And now it will need to rebuild that brand and it will need to re-establish itself as a reliable supplier of air services.

LIPSON: Do you think ... how hard is that going to be to rebuild the brand? Perhaps to you first, Greg Hunt.

Qantas is reported as embarking on a massive advertising blitz; cutting fares, bumping up Frequent Flyer points. Is that going to be enough to convince the public that they've, you know, they are the "friendly skies"?

HUNT: I think there've been two blows to Qantas' reputation. Firstly, we had the unions saying 'don't buy Qantas tickets' before Christmas, which started the process. Secondly, there was the action on the weekend. These things together have meant that not just Qantas but Australia have suffered reputational damage.

The second part of it was clearly avoidable. The Prime Minister was able to pick up the phone to her ministers. She wasn't able to pick up the phone to the CEO. She had a duty to attend; she had the power to do so; she had the responsibility to act.

EMERSON: Now again you are going ...

LIPSON: Stick to the...

EMERSON: ... on newspaper reports that suggest that the CEO sought to have a telephone conversation with the Prime Minister. The CEO has denied that. That means nothing to you, Greg...

HUNT: Actually, Qantas released details overnight with names and details.

EMERSON: ... that means nothing. He did not have a ... well, I heard Mr Joyce yesterday. But now are you saying that Mr Joyce is deceiving the public?

HUNT: Qantas has released details overnight...

EMERSON: Mr Joyce yesterday...

HUNT: ... of the fact they spoke with the Prime Minister's chief of staff...

EMERSON: ...okay, so he's changed his mind again, has he?

HUNT: He spoke with the chief of staff and left his number for the Prime Minister to call.

EMERSON: Has Mr Joyce ... so you're saying Mr Joyce did seek a conversation with the Prime Minister...

HUNT: He was open to a call and the Prime Minister should have called.

EMERSON: ...when Mr Joyce himself, out of his own mouth yesterday, said that those newspaper reports were incorrect. I don't know how the newspaper got this information. It said Qantas sources. I think it's credible ...

HUNT: Actually, they're named individuals today.

EMERSON: ... that they be, that they be ... newspaper reports actually get information from Qantas sources, which Alan Joyce then said didn't happen, or were wrong. But the point is: he said yesterday he did not seek a telephone conversation with the Prime Minister.

Again, the Coalition today, with no shame, no regard for the truth, has asserted that Mr Joyce sought a telephone conversation with the Prime Minister. Untrue. Untrue.

HUNT: And a crystal moment when the Prime Minister had a choice between action and inaction, she chose inaction.

EMERSON: Untrue. Completely untrue. Always playing politics.

LIPSON: All right, all right, we'd better ... we'd better move on.

Look, I want to ask you both as well about the other big story that got overshadowed so much over the weekend: Afghanistan. Three Australian soldiers gunned down by a member of the Afghan National Army.

Craig Emerson, what are the implications of this for the wider war? The Defence Minister, Stephen Smith, said that this sort of incident has the ability to shatter confidence. Obviously, one of our main reasons for being there is to mentor the Afghans.

EMERSON: That's right.

LIPSON: How can that happen from here on in?

EMERSON: Well, it is both disturbing and distressing. And, if I too could join with other ministers and I'm sure members of the Opposition, in extending our great sorrow to the families and friends of those young men who have lost their lives. It's 32 in total. It's a terrible tragedy and we're terribly sorry that this is happening.

But I don't seek to resile from the point of your question: and that is, it must affect confidence that this can happen effectively from within. There is obviously and appropriately an inquiry into the circumstances of the person who killed three young Australians and wounded seven others, and we should let that take its course.

But the whole purpose here, as you've alluded to, is to mentor the Afghan security forces such that they're in a position to take over this role so we can make the transition out by 2014. It's a terrible time, and we just have to be as vigilant as we possibly can. But of course it's unnerving when this happens from within.

LIPSON: Greg Hunt, Jill Hall, from the other side of politics, but yesterday said she's not 100 per cent convinced that at the end of the day we'll achieve a result.

HUNT: Sure.

LIPSON: At this stage, the Coalition is standing by the Government ... bipartisan position on the war in Afghanistan. Is that still the case?

HUNT: There is bipartisan support. The starting point begins with the fact that this is a deep, human tragedy for the families of all those involved; the three young men. As Craig says, we've lost 32 fine young men, and that's a weight of responsibility that all of us here should never ignore. So we make that decision; we've made it on a bipartisan basis.

Given that situation, we have to look at the broader context. Is this a valuable mission, and is it worth the risk we take? It's of critical historic importance, I believe, because it's part of a process of transforming Middle Eastern and South Asian security, which goes straight to global security.

So we see Egypt; we see Tunisia; Libya; we're seeing transformations in Yemen and Syria, Iraq and Afghanistan. In many ways Afghanistan is the epicentre because if it explodes, it leaches over into Pakistan. And we have the risk of division there - it's a nuclear state.

And so it is not just an option; it is a fundamental choice in terms of global security and a fundamental obligation. But it comes at a terrible price.

LIPSON: Okay, well, we've got to take a break. But after the break, coal seam gas: does it have the potential to snag the Government's mining tax. Don't go away.

[Ad break]

LIPSON: The Government's mining tax is due to hit Parliament this week, but it's hit something of a minor snag; perhaps major - we'll wait and see. But the two Independents, Rob Oakeshott and Tony Windsor, are demanding a few extra issues be resolved in the area of coal seam gas.

I spoke to Independent Tony Windsor a short time ago.

[Excerpt from earlier interview]

Tony Windsor, thanks for your time. You want hundreds of millions of dollars extra from the mining tax revenue to go towards environmental studies on coal seam gas. Is your support of the mining tax contingent on that?

TONY WINDSOR: Well, essentially it is. It's not just in relation to coal seam gas, though. What I'm arguing is that we need to put in place processes - scientific processes - that are independent of the extractive industries, that actually bio-regionally assess our catchments.

So I'm suggesting that an amount of money out of the rent resource tax revenue flow go perhaps to the catchment management authorities so that they can conduct a bio-regional assessment, a risk assessment of the various resources within their catchments; do that assessment prior to exploration licences being granted, so that you don't get this nonsense of mining companies taking out a licence ... little science in terms of what's actually there, the concerns within the community.

And the gas field issue at the moment has sort of brought that to a head, I think, is that people are very concerned. And the companies themselves will say that they don't really understand the science of what's happening underneath; they don't understand the relationship between the groundwater systems and the surface water systems.

So there's a whole range of unknowns there, and I'm suggesting that that process should be independent of the mining companies, not carried out by them.

LIPSON: Okay, so this'd be money from the mining tax that would then provide independent environmental studies before any mining companies could engage in coal seam gas. Is that right?

TONY WINDSOR: Well, preferably into the future, and obviously some of the companies now that have exploration licences in some very sensitive areas - the Darling Downs in Queensland, the Liverpool Plains in my area - there's very real concerns there about what that means, not just to the site where the activity might occur, but the offsite impacts into the Murray-Darling system as well. Because if you upset the hydraulic nature of some of these massive groundwater systems, what happens within the greater catchment?

So we need some risk parameters put on this in some of these - particularly the highly productive areas, but not only. I think all

our catchments should have a greater assessment than what they've got at the moment.

[End of excerpt]

LIPSON: Well, still on our panel here in Canberra, the Trade Minister, Craig Emerson, and Shadow Environment Minister, Greg Hunt.

Craig Emerson, first to you. Would the Government consider losing a few hundred million dollars more out of its mining tax revenue in order to get this across the line, as Tony Windsor just said?

EMERSON: Well, we are obviously engaged in discussion with Mr Windsor and Mr Oakeshott. We do agree that there needs to be more research in terms of the impact of coal seam gas on groundwater. So let those discussions proceed. We do have a good record, in fact an unblemished record, in passing legislation that we have introduced and prosecuted through the Parliament to a vote.

And this is very important legislation because let's understand the uses of the revenue: small business tax breaks and working Australians being able to get more superannuation from 9 per cent to 12 per cent. Tony Abbott's position: mining industry pays too much tax; he's going to give it all back to them, repeal the tax, remove the small business tax breaks and cut the superannuation of working Australians. So they're the choices.

We think working Australians and the broader small business and general community should share in the mining boom, and that's what this is all about.

LIPSON: Greg Hunt, Shadow Environment Minister. Do you think Tony Abbott's call - excuse me - Tony Windsor's calls for more environmental studies is a good idea, especially if it's going to cost hundreds of millions of dollars?

HUNT: We think the mining tax is a bad idea because of the risk to Australian jobs, and in particular investment. Secondly, we think that the ... there is a real need and it's a good idea to have serious analysis, protection and study of the impact of coal seam gas on aquifers.

There is a real issue here. The way we want to do it is to go through a Parliamentary inquiry, which is happening both in the Senate, and we would be supportive of an inquiry into the Windsor Bill, which he has in relation to this.

I won't pre-empt the outcomes of both of those, but I do want to set the principle. There is a genuine concern which we've seen from the United States, as well as concerns in Australia, about the impact of coal seam gas on aquifers, on underground water supplies. We think we can make progress on that, but you've got to have serious study.

LIPSON: But would you ... I mean, the mining tax could provide the revenue to do those studies, couldn't it? Hundreds of millions of dollars, as Tony Windsor is suggesting - where else would the money come from?

HUNT: Well, let me say that the mining tax is a bad idea. The reason it's a bad idea is because capital is mobile in this world, that companies and investors have a choice as to where they set up their mining activities. There are competing demands for capital. So it's the capital that flows even though the resources are obviously fixed. But there are many destinations. This mining tax has a long-term impact on capital inflows.

EMERSON: This, from the party of small business. They want to repeal the small business tax breaks.

LIPSON: Melbourne Cup tip? Very quickly.

EMERSON: Red Cadeaux.

LIPSON: Red Cadeaux?

EMERSON: A roughie. And Greg, you should back Fox Hunt.

LIPSON: Greg?

HUNT: Well, Fox Hunt is very attractive, but American. My mother-in-law...

EMERSON: Oh, it's the favourite.

HUNT: ... my mother-in-law is half French.

EMERSON: The favourite.

LIPSON: Well, there you have it. Thanks very much for your company on AM Agenda. I'm David Lipson. Thanks for watching.