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**SKY NEWS AM AGENDA**

Interview with Kieran Gilbert and Chris Pearce

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**SUBJECTS:** Rudd/Bush phone conversation, Ken Henry, G20, Fuelwatch

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GILBERT: Welcome back to AM Agenda and welcome to our panel, Liberal frontbencher, Chris Pearce, and Labor frontbencher, Craig Emerson. Gentlemen thanks for your time this morning.

EMERSON: Thanks for having us on.

PEARCE: Good morning.

GILBERT: It looks the Senate Inquiry into that now infamous phone conversation between Kevin Rudd and George Bush won't be going ahead. You heard there the Greens Leader, he's not backing it. Nick Xenophon's not going to back it. Is this a relief? It would have been embarrassing for the Prime Minister?

EMERSON: If there were a Senate Inquiry they can't compel an MP to appear. They can ask, invite journalists to appear. Journalists wouldn't really divulge anything. And I suppose they could invite the cook and see what they had for dinner, but that would be about the extent of it and a lot of taxpayers' money wasted and valuable Senate time wasted too. I think Senator Brown made the point that, you know, there's a lot of work going on in the Senate as there should be and there's no real value in this at all.

PEARCE: But Kieran it doesn't move away from what the real issue is here and that is that Kevin Rudd is yet to give an explanation as to how this so-called two-way discussion between himself and George Bush ended up on the front page of a major daily newspaper. He refuses to answer any questions in the Parliament on this. Every day this week we have been asking him to answer questions and he completely ignores us. So he still has to tell the Australian people how this confidential discussion ended up on the front page of a national newspaper.

GILBERT: Yes, that's true, but I suppose the other point is, and Bob Brown is making it, that there are bigger fish to fry in terms of if you are going to establish a Senate Inquiry that could evolve into a Constitutional stand-off between the Houses you want to pick the big ones, the big fight don't you?

PEARCE: Well Kieran this is a major issue. This is a leaking of a discussion between the Prime Minister of the Commonwealth of Australia and the President of the US. I think that's a significant issue. It's amazing how a confidential discussion can end up on the front page of the newspaper. I think that Australian people want to know how that can happen. Don't you want to know how that can happen and it's obvious the ramifications of this. It's been published in the US in the media, you know, the diplomats are saying throughout the world that this has affected the relationship between Australia and the US. This is a serious issue that needs to be addressed.

GILBERT: Are you worried about that?

EMERSON: Let's talk about the diplomats, like the American Embassy who have said that as far as they're concerned it's the end of the matter. Now I'd rather take the advice and the guidance of the American Embassy on this than of Malcolm Turnbull who's always in any chance of an opportunistic moment he'll take. You know he ought to be concentrating on the main game too. Deciding whether he's for the financial security package or against the financial security package. For the comprehensive bank guarantee or against the comprehensive bank guarantee. He's got a different position on these matters every day and he wants to be diverted himself onto this issue which the American Embassy said as far as they're concerned is closed.

GILBERT: Let's hear a bit from Malcolm Turnbull in Parliament yesterday. Let's recap a bit of what he had to say.

*Audio from Parliament:*

*TURNBULL: Has the Prime Minister asked his staff members individually whether any of them were responsible for the leak of details of his conversation with the US President? If he has not asked them that question, is he by definition negligent in the discharge of his responsibilities as Prime Minister of Australia?*

*PM: The Leader of the Opposition's question relates to the newspaper article that appeared on the 25<sup>th</sup> of October and I would draw the Leader of the Opposition's attention to my answer to the earlier question.*

GILBERT: The Opposition Leader was reading from a statement that Kevin Rudd had made, had put out back in 2006, almost word for word calling on Alexander Downer to explain a leak from ONA. It was a newspaper report at the time. I suppose the clear implication is that he's being hypocritical right now in not telling us where this leak came from.

EMERSON: Well I don't accept that. I mean Kevin Rudd has indicated that George Bush did not make the statement in question. George Bush has said that he didn't make the statement in question. Everyone agrees with that. The matter's settled and an expensive Senate Inquiry could only have the benefit of getting the cook along to explain what they had for dinner.

PEARCE: That's not the issue. The issue is how did it end up on the front page of *The Australian* newspaper?

EMERSON: Of course I would think that the Senate would have more to do. Now if the Liberals in the Senate don't have enough to do they should start looking at the economic security strategy. They should start looking at an overall economic reform program, put their shoulder to the wheel on these matters in the best interests of Australia.

GILBERT: It probably is time to move on isn't it Chris? I mean, it's not going to have a lasting impact, negative impact, on the alliance surely?

PEARCE: Well Kieran I think it's time for Kevin Rudd to answer the question. I mean he still refuses to answer the question in the Parliament. I mean what is it about this Prime Minister? What is it about the Westminster system of accountability that he has trouble with? I mean he is trying to do everything possible to silence the Opposition from asking any question about any subject. Kevin Rudd is the Prime Minister in a Westminster system which has Parliamentary accountability. That's our system and I think the time is right for Kevin Rudd to answer the question.

EMERSON: Let's talk about the Westminster system. The former Prime Minister of Australia said that if Barack Obama were elected then Al Qaeda would be celebrating. Now that is a disgraceful slur on now the American President.

GILBERT: (inaudible)

No, that's true, he's not here. But the Leader of the Opposition is and he's had the opportunity, offered by us many times, could have been taken by himself at any time to repudiate those comments. Today Malcolm Turnbull could repudiate those comments but he has chosen not to do so. So if we are talking about damage to relationships Malcolm Turnbull ought to have a good look at himself because those comments stand on the record unrepudiated by Malcolm Turnbull.

GILBERT: He did say that he thinks that Obama would be robust in combating terrorism. That's fair repudiation.

EMERSON: Well, okay, well why doesn't he just say 'I don't agree with what John Howard said'.

GILBERT: Okay, let's move on. There are a few other issues around today. Of course this week, Ken Henry yesterday addressed the National Press

Club. He was critical of the Coalition for raising certain issues. Let's recap a bit of what Dr Henry had to say:

Audio from Ken Henry's Address to the National Press Club:

*HENRY: I think it would have been better had the comments not been made. I do think that. I haven't been hurt by them. No I've not personally been hurt by them. I've explained that I've already answered this question. They are inaccurate. I don't think it's helpful that comments like that are made which have the potential of undermining the integrity of the Australian Public Service.*

GILBERT: Chris, does the Coalition need to be careful about overstepping the mark? It's fair enough to raise questions but if you're going to question the integrity of someone like Ken Henry, who was clearly not happy with it, is it overstepping the mark?

PEARCE: Well Kieran we're not questioning the integrity of Ken Henry or the Treasury. Our problem is with Kevin Rudd and Wayne Swan. These are the Government forecasts. These are forecasts that vary markedly from the forecasts of the Reserve Bank and from the IMF. The central problem here is this, Kevin Rudd and Wayne Swan won't talk to us in Opposition or to the Australian people. They won't share the underlying assumptions of the forecasts. They won't tell us how these forecasts were produced and so they're starving us of that information and that knowledge. Our problem is with Kevin Rudd and Wayne Swan and they should come clean with the Australian people and they should tell us what were the underlying assumptions of these forecasts so that we can actually appreciate that but they failed to do that.

GILBERT: The Liberals have, on a number of occasions, gone very, look, you have to say overstepped the mark, on various points. The smell of manipulation was the term that Andrew Robb used about these figures. Now, who's it manipulated by?

PEARCE: Well Kieran, it's worth going back and looking at what was said. Andrew Robb never mentioned the word Treasury or the name Ken Henry.

EMERSON: He mentioned the word manipulation....

PEARCE: It's the Government that's trying to use the Treasury officials as some sort of shield to yet again avoid responsibility and accountability. We're the Opposition. We have a right to ask questions. We're simply asking questions. Our problem is with Kevin Rudd and Wayne Swan.

GILBERT: Craig there were differences in those growth forecasts. The Opposition is right to ask why. Are you putting the public service up too much?

EMERSON: Of course they entitled to ask why. They're not entitled to say this is manipulation. It takes two to tango in a manipulation – Government and the Secretary of the Treasury. They accused him of being part of the manipulation. Ken Henry said yesterday that those forecasts are Treasury projections so what is the allegation, that he manipulated Treasury projections. Senator Abetz, what did he say? He questioned the truthfulness of the Secretary of the Treasury Ken Henry and Chris says 'we didn't say anything'. You can't question the truthfulness of the Secretary of the Treasury, get stuck into the Governor of the Reserve Bank. They are gutless and cowardly acts and they ought to apologise, not only to the Secretary of Treasury, not only to the head of the Reserve Bank but to the Australian people for their part in seeking to destabilise the financial institutions in this country.

GILBERT: Have the Labor Party been using public servants as a bit of a shield at various times, in photo opportunities? It seems like everywhere Wayne Swan is, Ken Henry is. I mean is it too much?

EMERSON: I don't accept that either. I mean there were secretaries of departments that appeared at the Press Club, at public forums, gave speeches under the Coalition Government. I don't complain about that. We didn't say that was manipulation. If they've got a point of view to put forward that is in the public interest, I think they should do so.

GILBERT: Let's recap a bit of what Lindsay Tanner had to say on this issue.

Audio of Lindsay Tanner in question time.

*Tanner: It is time that the Opposition Leader took a stand on this matter. It's time the Opposition Leader either stood up and substantiated the claims that the Treasury has cooked the books. Either he substantiates those claims or he withdraws them on behalf of the Opposition and apologises to the Secretary of the Treasury. Those are his choices. He either puts up or backs down.*

GILBERT: Chris, there are people in your party that are nervous about this. Petro Georgiou in the party room this week apparently raised concerns. What's your view on that? You're one of the economic portfolio people – do you have to rein it in a bit?

PEARCE: Well Kieran, in the last Government I was Parliamentary Secretary to the Treasurer. I dealt with the Treasury every day of that term. I have nothing but the highest regard for Treasury. Our problem is not with Treasury. Our problem is with the Prime Minister and the Treasurer. They will not come clean with the underlying assumptions. They are using the bureaucrats, the public servants too much. They are using them as a shield. It's almost this whole McCarthyism approaching if you like. I think that's unacceptable.

GILBERT: Okay. Alright, let's move on from there because I don't think we'll get a resolution this morning. The Prime Minister is heading to Washington this afternoon. Craig, obviously he's going to put forward the Government's strategy in terms of greater regulation. What is the aim of what he wants to get signed and sealed over there?

EMERSON: We've been saying for some time that coordination is the key to stabilising the global financial system and we are in the fortunate position of having the best regulatory system in the world. That doesn't mean the most regulation. It means the most effective regulation and our financial system is identified as being in the top four by the World Economic Forum and the International Monetary Fund. And just the other day the Business Council of Australia wrote to the Prime Minister saying this is all very good, why don't you take it to the G20 as a model for other countries to adopt. I think that's a source of great pride for Australia.

GILBERT: It's greater regulation, more transparency?

EMERSON: More effective regulation.

GILBERT: Who would oversee it?

EMERSON: This would be discussed because it does, I think, need to be coordinated, not just each country running its own race. That's been part of the challenge in trying to stabilise the global financial system where one country would make a move and then money would rush either to or from that country to another.

GILBERT: Will be ironed out do you think?

EMERSON: Look I'll let Kevin and Wayne debate those issues but of course some coordination is absolutely essential. I think that, as in so many other areas Kieran, and I'll say the previous Government, Liberal or Labor, there are achievements in Australia that are the envy of the world. We are a small country but often our institutions, our achievements are just great models.

GILBERT: Do you agree with that?

PEARCE: Well Craig is referring to the great work that we did when we were in Government.

EMERSON: Oh, I didn't realise.....

PEARCE: As a result of the Wallace review.

EMERSON: You're so generous.

PEARCE: You're obviously referring to the fact that we established APRA, ASIC and that whole regulatory framework in Australia that has held us in

good stead. The big issue about Kevin going to Washington, again Kevin 747, the way he's going Kieran, I'm not sure.....

EMERSON: Ah, so he shouldn't go to the G20?

PEARCE: I'm just saying it's another trip. The way he's going he won't have to pay tax this year will he, because he's been out of the country that many days?

EMERSON: Ah, very clever. Let's understand that the Coalition doesn't think he should go to the G20, is that right?

PEARCE: I'm interested to know what is he actually going to discuss because you know he gave a speech in on October 17<sup>th</sup> in Sydney to a business summit and in that speech he said later on that day he would be releasing his plan that he wanted to take to the G20. Now as far as I know have you seen that plan? As far as I know that plan has still not been released so I'm unsure exactly of what the detail is.

GILBERT: Well we'll get a sense pretty soon. In terms of the other issue that has been around of the last 24 hours, Fuelwatch was campaigned on quite heavily by the Government. It's been blocked in the Senate. Are you worried that by blocking it Chris that you don't hold the Government accountable? If you let it through then if it doesn't work then you say okay you guys mucked it up. If you don't let it through the Senate then there's no accountability?

PEARCE: Kieran all the evidence, the overwhelming bulk of the evidence substantiates that Fuelwatch was nothing more than a political stunt by Kevin Rudd and the Labor Party.

GILBERT: If that's the case why didn't you hold it accountable? Politically, it doesn't look like the best strategy.

PEARCE: But the evidence Kieran is that it would be detrimental to Australian motorists and we're not in the business of hurting Australian motorists, we're in the business of helping them. What this Government needs to do is deal with the real issues and stop moving away with these political stunts. Watching petrol does not make it cheaper.

GILBERT: It does look to me a lot like the Labor Party's problems early in Opposition when they lost Government blocking everything instead of letting the Government get its agenda through and then holding them to account.

PEARCE: Well they're so passionate about it but they've moved away from it themselves. The Assistant Treasurer in the media said it's not the be all and end all of everything so they were obviously very committed.

EMERSON: The evidence is here. I actually spoke personally to the guy who did the econometric analysis of it and can even reveal we discussed the

Dicky Fullerton test, a statistical test on the experience of the West Australian Government. And I understand Troy Buswell has come out, he is now the Treasurer in Western Australia, saying yes Fuelwatch works. This shows that it works and one of the most powerful benefits that it would have offered to Australian motorists is that on any day the petrol price difference within a city is a least 20 cents....

PEARCE: Well why don't you take it up?

EMERSON: What that means is that you can shop around and get that benefit, a 20 cent discount on your petrol, that's a huge benefit.

PEARCE: Why don't you take it up?

EMERSON: The Senate has spoken Christopher.

PEARCE: Bowen doesn't want to.

EMERSON: You're very opportunistic aren't you?

GILBERT: Well unfortunately, or fortunately, depending on which side of the fence you're on, it's gonna stay in WA and won't be coming to the rest of the country anytime soon. Gentlemen as always good to see you.

PEARCE: You too.

EMERSON: Thanks Kieran.

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