



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

Transcript  
ABC 612 Mornings with Madonna King  
24 November 2010

E&OE

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*Subjects: North Korea, NBN, GST on internet purchases, mental health policy, politicians' pay*

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- KING: From Korea to the Senate deadlock over the National Broadband Network; a GST on imported goods perhaps? Let's go Inside Canberra. Senator George Brandis, Opposition spokesman on legal affairs. Good morning.
- BRANDIS: Good morning, Madonna.
- KING: And, Dr Craig Emerson, Australia's Trade Minister. Hello Doctor.
- EMERSON: Hello to you, too, Madonna and to George.
- BRANDIS: Morning Craig.
- KING: Can I introduce you to something, gentlemen, and I'm not necessarily going to use it but just listen to this. [Sound of a motor] What do you think that might be?
- EMERSON: Could be a vacuum. I know, it's a leaf blower outside of Joe Hockey's window.
- KING: That's exactly what it is. I've borrowed it from Joe Hockey.
- BRANDIS: I was going to say that too.
- KING: I've stolen it just in case I have to use it this morning. Let's start.

EMERSON: Not the leaf blower, mercy.

KING: Not the leaf blower and several important issues to get through this morning. Korea first. Craig Emerson, how big a deal does the Government see this, North and South Korea exchanging fire?

EMERSON: Extremely seriously. This is appalling behaviour by North Korea. It's provocative and we condemn it utterly and absolutely, as the international community would.

KING: George Brandis, you would agree there?

BRANDIS: Yes. And, may I say, that I think when there's an international conflict of this magnitude, it's not helpful for there to be any difference of expression of views between the Opposition and the Government so I won't express my own formula. This is not a party political issue and we support the Government's stand.

KING: Okay, so what does Australia do in an instance like this? Who'd like to answer that?

EMERSON: Well, we can protest, we're a peaceful nation. We want other nations to be peaceful. This is extremely provocative. It was, as far as we're concerned, an outrage. The North Korean administration has been behaving like this lately and in the not too distant past and I was in Seoul recently in my capacity as Trade Minister and you do get sense there Madonna of the tragedy of the Korean War. I mean it was quite a long time ago, early '50s and we lost more than 300 soldiers there, but millions were killed in that Korean War. It was a very deadly war, contested over three years and one of the bloodiest wars in memory. So I feel very, very sorry for the South Koreans because they, you know, they've got this very aggressive presence across the border.

KING: It's okay saying you feel sorry and I understand you saying that. But I'm just wondering in terms of where we go from here. Kevin Rudd saying this morning that China must take a lead in calming the heightened tensions on the Korean peninsula – will it really depend on China being able to calm North Korea down? Will America be...

EMERSON: Yeah I think China has a role to play here. They have been supportive of North Korea and we do want China to step up to its responsibilities so I'm backing what Kevin said about that. I was about to go onto that and I'm sorry I didn't. But, you know, China has to take some responsibility because it has influence over North Korea that many nations in the West don't.

KING: And this is the highest alert outside war. It will also have an economic impact from what an analyst is saying, investors will shun shares, seek refuge in the US dollar, does that flow on here?

EMERSON: Look, I can't as a minister, or even as a politician, be predictive about these things. I'd be surprised if it was a huge international economic incident. It's really a military incident with some possible economic consequences. But certainly we'll do what we can Madonna. As a trading nation with Korea, I'm working on settling a Free Trade Agreement with the Korean Government, so that would strengthen an already a very strong relationship between Australia and Korea, both at the commercial level and at the security and strategic levels. We are very close friends.

KING: All right, let's move on to the NBN and, George Brandis, I might get you to go here first. Julia Gillard has had to directly intervene to try and break this deadlock as I understand it in the Senate over the NBN. Reports this morning that it all depends on the Independent Senator Nick Xenophon, that, from what he told Parliament yesterday, it's unlikely he will budge?

BRANDIS: Well, that's my understanding of Senator Xenophon's position. And when you say a deadlock, it amounts to this: the Opposition and the Greens and the two Independents are all saying that before it is fair to ask the Senate to consider this Bill – which is an essential ingredient of the establishment of the NBN – we are entitled to look at the business case and the business modelling to see if the economics case for it stacks up. Now your listeners will know that there – on the Government's own figuring – this is going to cost at least \$43 billion. It is the largest project ever undertaken by Australia in peace times. It's the biggest thing Australia's ever done outside fighting the First and Second World War, essentially, and if ever there was an instance where the Parliament and the public are entitled to satisfy themselves that the economics of this stack up and that it's a good investment of public money, it's this. So we're saying 'well show us the business case, the business plan, refer it to the Productivity Commission, which is the Commonwealth Government agency that makes these expert arms-length assessments, and until you do that we are not going to pass the legislation'.

KING: All right I'll come back to you. I'll come back to you Craig Emerson in just a moment. But George Brandis, the Government is saying it can't release the business case until next month after Parliament has risen because it contains commercially-sensitive reasons, isn't that fair enough?

BRANDIS: No and I'll tell you why it's not. That's what Stephen Conroy, the Minister, has been telling the Senate. But the truth is this: the business plan is said to be a 400-page document. The document we know was received by the Government on 8 November, in other words 16 or 17 days ago, more than a fortnight ago. It doesn't take more than a fortnight for the people, the senior officers of Senator Conroy's department, all of whom are people of very, very high expertise and understanding in this field, some of whom worked for

me when I was the junior Minister in the Department during the Howard Government. It doesn't take a fortnight to identify and redact from a 400-page document information that might be commercially confidential.

KING: All right, can I get Craig Emerson to come in there. That's a fair point isn't it that Senator Brandis makes, that you could actually take out that commercial in confidence? It's often done in FOI applications and give the rest of it to the Opposition, to the Independents like Senator Xenophon and you might get it through?

EMERSON: Madonna, there is a point in dealing with the Independents and including Senator Xenophon. There's no point dealing with the Coalition on this because both Malcolm Turnbull, the relevant spokesperson, and Tony Abbott, the Leader, have made it clear that under no circumstances will they support the National Broadband Network. So this is just another ruse from the Coalition side saying 'oh we might consider it if you release the business case'. They won't.

KING: All right. But Craig Emerson why not then show the business plan to the Independents and not get them...

BRANDIS: Or the public.

KING: ...yeah, or the public and not get them to sign this confidentiality agreement, which really prevents them from then criticising it or using anything to criticise it in the short-term?

EMERSON: We will release the business case. We'll release it in December. The point is that it does contain commercially sensitive information and...

KING: Well black that out.

EMERSON: ...that's an important consideration.

BRANDIS: It doesn't take a fortnight to identify it and black it out Craig. It just doesn't.

EMERSON: Anyway the point is we're engaged in a dialogue with Senator Xenophon. I hope that that is a productive dialogue but there's no point engaging in any discussion with the Coalition on this matter.

BRANDIS: That's not, you know Craig, with respect, and, you know, you're pretty good on these open government issues. And I'm sure this is not a decision you would have made but you've got a minister who's struggling with this and you've got to support his position. I understand that. I feel sympathy for you but the fact of the matter is...

EMERSON: Very sweet of you, George.

BRANDIS: ...to say that is no excuse or reason to say the public can't see it. But just because...

EMERSON: The public will see it.

BRANDIS: But, but Craig, you know just because the Opposition mightn't be going along with your policy is not a reason for concealing it from the public.

EMERSON: We're not going to.

BRANDIS: It's been in your...

EMERSON: You want the public to see it at a time when you determine.

KING: No but do you think, do you think Craig Emerson that the public has a right to see this before a vote is taken?

EMERSON: Well we've got two days and the fact is it does contain commercially sensitive information. The vote is, as you said Madonna, about the structural separation of Telstra.

KING: Yes, but Senator Xenophon if I understand it, he told Parliament he could not support the legislation that will structurally separate Telstra unless the Government release publicly the business case.

EMERSON: Let's see how this unfolds in the next couple of days but the point I'm making – and I think it's a worthy point – is that this should have happened when the Coalition privatised Telstra. They never did. A number of Coalition members have conceded that this structural change...

BRANDIS: You're changing the subject now, Craig.

EMERSON: ...and again they are opposing.

KING: All right can I ask this? How crucial is the structural separation of Telstra to the deal between Telstra and the NBN? Is that required?

EMERSON: Yes, it is. It's absolutely crucial to the whole thing. So we'll continue that productive dialogue with Senator Xenophon.

KING: And 30 seconds, George Brandis, where do you see this going from here? Does it really depend on Senator Fielding and Senator Xenophon on whether you win or Labor wins?

BRANDIS: I don't know where it's going to go on the floor of the Senate but I'll tell you where the issue's going to go. The whole thing is turning into a train wreck because the Government is concealing from any scrutiny, the information which will enable...

[Break in transmission]

KING: And we've just lost our - our Canberra team, Senator George Brandis and Dr Craig Emerson. We'll try and get them back as soon as we can. One issue I want to talk to them about, too, is Gerry Harvey the chair of Harvey Norman. He's wanting a bit of government help. He says GST revenue lost to internet shopping would knock a \$1 billion hole in tax collections and whether you think the Government should be applying GST on more imported goods. Imported goods worth less than \$1000 are currently exempt from the GST. You might have a view on that; 1300 222 612.

KING: George Brandis and Dr Craig Emerson, if you don't like the question you don't hang up.

EMERSON: It wasn't us.

BRANDIS: It wasn't, it wasn't our fault.

KING: No, I'm just learning that political deflection. It's an art, isn't it? Pass the buck.

EMERSON: George was in full flight.

BRANDIS: Ah yes.

KING: All right. Can I quickly go through several other issues this morning. Gerry Harvey, the chair of Harvey Norman is wanting a bit of government help. Is there an argument, George Brandis, for the Government to apply GST on more imported goods, those that are worth less than \$1000?

BRANDIS: Well look, I haven't seen Mr Harvey's remarks, but in relation to the issue of the GST generally, the GST arrangements are settled. That was a major piece of tax reform about a decade ago...

KING: We understand all that. I don't want a history lesson.

BRANDIS: Well I, I don't have anything to say about Mr Harvey's remarks. It's the policy of the Coalition is that the GST is settled.

KING: What about the Government, Craig Emerson? Settled there or would you consider what Gerry Harvey has to say?

EMERSON: Madonna, I'll come to that very, very quickly but I do want to state that last week I incorrectly said that Greg Hunt and George Brandis were working on particular gay marriage issues. That was incorrect. It was actually Greg Hunt and Warren Entsch and I apologise for that. I think

we can have robust debates here but I always seek to tell the truth so I want to correct the record on that.

KING: And, George Brandis, did you ask for that apology?

BRANDIS: No, Craig generously proffered it. And I think it is appropriate for politicians to correct the record and occasionally we misspeak. Even I misspeak from time to time, Madonna.

KING: Even you.

BRANDIS: And when we misspeak, it's good to correct the record. So, thank you Craig.

KING: Well good on you, Craig Emerson. So just on this do you think, is there any plan for the Government to look at applying GST on more imported goods?

EMERSON: Look we do understand the issue but we had the Board of Taxation have a look at this recently and it said that it's not administrably feasible to apply the GST to low value goods – that is below \$1000. We need to create a balance here between the interests of consumers, who actually get goods from overseas more cheaply because they don't have the GST – that is goods up to a value of \$1000 – and retailers. We see there's an issue here but there's a real administrative problem...

KING: All right you say that...

EMERSON: ...in breaking down these packages or assessing a GST. Let's say a typical item was \$400, well we're talking about \$40 and a lot of administration to collect \$40.

KING: All right, well what you say in balancing the interest of retailers and consumers in the administrative burden is also, almost replicates what Bill Shorten told *The Herald*, but what can you do?

EMERSON: Oh well, I think if you didn't worry about administrative burdens, you would say anything that comes in from overseas will attract GST.

KING: Yes.

EMERSON: But the cost of levying that to the nation could...

KING: Just makes it impossible.

EMERSON: ...be greater than the revenue collected.

KING: Yeah. All right, on mental health, the Gillard Government ends Parliament tomorrow, I think, and that will be topped off with the likely

defeat on mental health policy. That is the Opposition and others will combine to force the Government to spend more money on mental health. Craig Emerson is this the sign that the Parliament is actually working, that your party will lose this vote, that's expected in any case?

EMERSON: I think the, our government has lost three votes but won every vote on legislation. So overall we're doing pretty well on this. I can't obviously predict the outcome but I can say that the money for this would come from, at least in part, not proceeding with GP Super Clinics. We have an election commitment to proceed with GP Super Clinics and I noticed that Tony Abbott, on pretty much the first day of Parliament, said he would hold Labor to its election commitments. Well we have an election commitment to do this with GP Super Clinics and we've got \$1.4 billion for mental health in the forward estimates.

KING: But did you, the GP super clinics were more than for mental health. Are you saying you will...

EMERSON: Oh no, I'm not. I'm saying that the motion, what the, it comes from Peter Dutton, would actually gut GP Super Clinics, an election commitment of this government, to help finance this extra spending on mental health.

KING: George Brandis?

BRANDIS: A couple of points. First of all, you know, whenever I hear a Minister say 'well you know, we can't afford to do this without taking money out of that'. I can't help think to myself...

EMERSON: It's Peter Dutton's own motion.

BRANDIS: ...I can't help thinking to myself what a shame all those billions and billions and billions of dollars were wasted on school halls that the school communities didn't want and pink batts that burnt houses down...

EMERSON: I think the communities did want them.

BRANDIS: ...during the last period of a Labor Government. But, so you know, I mean every time you waste money it means that it's money you don't have in the future for something that the community really cares about. One of the biggest differences between the Liberal Party and the Labor Party in the Federal election campaign was the mental health plans and the Coalition's mental health plan was welcomed by the leaders in the sector like Professor John Mendoza and Professor Patrick McClure, as one of those learned gentlemen said, a game changer. And it's a shame that the Labor Government has been so much behind the argument about mental health.

KING: All right, but just go back to, I want to know, so do the Super Clinics under the motion put up by Peter Dutton, George Brandis, remain? Or are they disbanded, and the money from that, going to mental health? Is it both, or is it an either/or we're looking at here?

BRANDIS: Well this is a motion in the House of Representatives. My understanding is that what the motion does is it asks for the appropriation of extra monies towards mental health because we think that mental health has been under-resourced in this country. It's shot to the top of...

KING: And the impact on GP Super Clinics?

BRANDIS: Well that's a matter for the Government.

EMERSON: No, no, that's...

BRANDIS: That's a matter, that's a matter for the Government.

EMERSON: That's not right. It is Coalition policy to abandon GP Super Clinics. Let's be clear about this and the mental health...

BRANDIS: Yeah, but you're in government Craig.

EMERSON: ...spending of this government is many orders of magnitude greater than the mental health spending of the previous Coalition over 12 years. Many orders of magnitude greater. It's fine. I agree that mental health is a crucially-important issue but it's typical of the Coalition that they say the Government ought to do more on mental health even though the Coalition refused to do so...

BRANDIS: Well you know, you know Craig...

EMERSON: ...when it had 12 years to do.

BRANDIS: I think people are interested in the future, not in the history, not in history lessons.

EMERSON: Yeah and I'm interested in the future of GP Super Clinics...

BRANDIS: But you're being, you're being a bit snarky.

EMERSON: ...which is part of our policy.

BRANDIS: The reality is that the leaders of a sector, in particular Professor Mendoza and Professor McClure, neither of who are Liberal Party supporters, rated both sides policies during the federal election campaign and they rated the Coalition's mental health commitments as being considerably more...

KING: All right, that's old ground. I don't want to go over old ground. And I just can't find the leaf blower when I need it but there's a couple of other things we've got a couple of minutes to get through. One is politicians' pay. I don't want to go into whether you earn too much or too little. One issue that's being looked at is how you are being paid and whether a higher base is needed to compensate for such things as electorate allowances and study allowances. Can one of you just explain the entitlements? It is a bit complex. You get pay but you also get an electorate allowance, and a study allowance and a travel allowance. Is that right?

EMERSON: That electorate allowance is meant to be spent on electorate expenses.

KING: Yes.

EMERSON: To the extent that you don't, then you pay tax on the balance of it.

KING: And you keep it? You don't give it back?

EMERSON: You keep it.

KING: Yes okay.

EMERSON: That's right. That's right. So it's a fixed amount.

KING: Study travel, is everyone...

EMERSON: Study allowance I think after your first term you are able to accumulate an allowance. It's very substantial, I must say. I've availed myself to it to the grand total of about \$4000 over 10 years in Opposition but there is a proposal in this Belcher review to wrap that into remuneration. What we've said is that these remain complex and difficult issues so we haven't proceeded with that proposal at this stage. We're having a further look at it.

KING: Yes, so a review panel is looking at whether you actually get a salary and you take your electorate allowance, your study travel, and everything else out of that or it continues as separate pots.

EMERSON: Yeah that's right. Yeah.

KING: Yeah okay. On water Craig Emerson, does the Government have to conduct an independent expert analysis of the effect of coal seam gas and water supplies in Queensland? Is that required under the law do you know?

EMERSON: I don't know. I would think that under the Environment Protection and Conservation Act, if there are specific proposals, then they would

need to be assessed and that's what would have happened in relation to the British gas proposals.

KING: I see the Federal Nationals MP Bruce Scott in *The Fin Review* is saying that the Great Artesian Basin supplied water not only to farms, there needs to be a peer reviewed study by an independent body, not a government report, and that that is required under the legislation. Parts of the Great Artesian Basin could take at least 1000 years to recover from the developments.

BRANDIS: Well if Mr Scott said it, I'm sure it's right.

KING: Well he didn't say all of that. This is according to *The Fin Review* this morning. But, so Craig Emerson, are we able to find out whether an independent review will happen?

EMERSON: Look, I will, what we'll do is get back to you on that Madonna.

KING: Sure.

EMERSON: I imagine he's talking about that Environment Protection Conservation Act, but I must say I haven't heard that.

KING: All right. A big issue here in Queensland, and the Ashes, either of you big cricket fans?

EMERSON: Yes, probably more a footie fan, but you know, everything in its season. And it is pretty exciting though. It is pretty exciting that the Poms are out here. I think they've got momentum behind them and we haven't had a great five months,, so let's see if that Aussie fighting spirit comes through at the Gabba.

KING: George Brandis, have you got your whites ready, in case you get a call?

BRANDIS: Well I don't think I'll be called into assist but I am...

EMERSON: Oh you should see George's googly.

BRANDIS: But I am quite a keen cricket spectator.

KING: Good on you. Well let's hope it goes well tomorrow. George Brandis and Craig Emerson thank you.

BRANDIS: Thanks Madonna. Happy Christmas.

EMERSON: Thanks a lot. Bye bye Madonna.

KING: You too and I'm sure I'll talk to you before Christmas I think unless things get away on me.