



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

Transcript  
ABC NEWS RADIO  
28 NOVEMBER 2011

E&OE

---

*Subjects: MYEFO, Euro crisis, Budget surplus, ALP National Conference.*

---

**MARIUS BENSON:** And looking at Federal politics now: Federal Parliament ended a fairly eventful year last week, but the political year is far from over, with the ALP National Conference coming up this weekend, and expected to generate heat, if not light, on a number of issues. And before then the Government will release its mid-year economic figures, which are being described as an effective mini-Budget, to address the deepening European financial crisis in particular - the impact thereof here. One of the Government ministers at the centre of those issues is the Trade Minister Craig Emerson, and he joins me now. Craig Emerson, good morning.

**CRAIG EMERSON:** And a good morning to you, Marius.

**BENSON:** Now, there is grim talk ahead of these mid-year figures to be released by the Treasurer this week. Wayne Swan is talking about even deeper cuts to meet the surplus that you are promising. You are coming up apparently \$7 billion short just on capital gains tax; you are very short of revenue.

EMERSON: Well, indeed, and I think the estimates are that compared with pre-Global Financial Crisis figures, revenue is down across the forward estimates by about \$130 billion. So, obviously, with this \$7 billion in capital gains tax revenue lost we do need to make significant Budget savings. And it's always important in any event to be making savings. Where we can prune spending, we do prune spending.

BENSON: And Paul Keating was saying yesterday this was the worst crisis of his lifetime. Would you agree with that assessment from a man you once worked for?

EMERSON: Well, I didn't work for Paul, but I worked with Paul. It's not my place to be delivering verdicts or prognoses on the situation in Europe, other than to say that it's not looking too flash in Europe. And, therefore, it's pretty important that we made the decision so long ago to integrate the Australian economy with the Asian region in what is now the Asian Century. That doesn't mean there are no transmission mechanisms from anything that happens in Europe through to the Australian economy, but it certainly puts us in a much better position than just about any other country on earth. And that's why Prime Minister Gillard has launched this Asian Century White Paper project to further integrate the Australian economy with the fastest-growing region on earth.

BENSON: Craig Emerson, the reason that the Government is talking about such deep cuts at the moment is your determination to return the Budget to surplus - which is seen as the supreme good by the Government in political terms; it's not seen that way by economists. If it comes to a choice - surplus or recession

- if achieving a surplus will cause a recession, will the Government review that?

EMERSON:

Well, I'm an economist as well. And what we're seeking to do here is to create room for the other major instrument of macroeconomic policy, which is monetary policy. In November, earlier this month, the Reserve Bank reduced the cash rate. If we are able to create room for the expansion of investment in this country, where there's already a \$430 billion pipeline, at the same time easing the pressure on monetary policy, that could create the circumstances of a further reduction in interest rates. Now, that would be good for Australian home borrowers; it would be good for small business; it would be good for consumer confidence. And that's what we're seeking to do here. And we have the latitude to be able to do that. In the United States, where they've tried this time and time again, they're down to an interest rate of 0.25 per cent. Our cash rate is 4.5 per cent, compared with 6.75 per cent at the time of the change in government in 2007. But that last reduction in the cash rate, I think, did something to lift confidence. And if you look at some of the forecasts for retail sales for the Christmas period, they're up. So this is a very worthy pursuit.

BENSON:

Now, electorally Craig Emerson, you wrote within the last week that you reckon winning the next election was an even-money bet for Labor. There's private polling being reported in *The Australian* today - private Liberal Party polling ...

EMERSON:

Oh surprise, surprise! I'm shocked.

BENSON:

It's got some bad news for you: you're going to lose five seats in Victoria, according to the

Liberal Party. Do you accept that?

EMERSON:

I accept that the Coalition front bench is measuring up curtains in the Ministerial wing; they're working out which offices they're going to take. Well, long may they believe that they're a shoo-in to win the next election. You already hear people like Joe Hockey in interviews saying things like 'when we win the next election'. I think the Australian people would regard that as arrogant. And, in any event, the Coalition has a lot of explaining to do: how they're going to repeal the carbon price, cut people's pensions, increase their taxes, put another million people back in to the tax system by cutting the tax-free threshold from \$18,200 to \$6,000. And, similarly, why they're going to give the mining tax proceeds back to the big mining companies, and take it away from 2.7 million small businesses. And the fact is the other night - in the dead of the night, Marius - Mr Abbott led the charge when they opposed increasing superannuation for 8.4 million working Australians. They tried to vote it down.

BENSON:

Can I just quickly ask about the ALP Conference coming up at the weekend? There will be sound and fury over issues like gay marriage and uranium sales to India, but it will signify nothing because you've got the numbers; you, the Right faction, have got the numbers.

EMERSON:

I think there's a diversity of views across the so-called groupings: Left; Right; in the Coalition I think they call them Wets and Dries. And I don't know that everything will be determined along those sorts of lines. But if there's a majority in support of uranium sales to India under strict safeguards, then from my point of view that's a good thing. But

let the debate occur. I'm sure it's going to. The PM's encouraged that. And what it demonstrates is that the ALP is the party of ideas. We're not a party, as the Coalition is, where policy is determined overwhelmingly by the National Party to an Opposition Leader who actually believes in National Party philosophy of a "Fortress Australia".

BENSON: Craig Emerson, thanks again.

EMERSON: Thank you, Marius.

BENSON: Craig Emerson is the Trade Minister.