



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

Transcript  
ABC 612 Mornings with Terri Begley

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E&OE

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*Subjects: Australia Network, the Foreign Minister, interest rates, Euro crisis, year in review.*

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**TERRI BEGLEY:** The tinsel is up, the tree is trimmed and pretty soon the politicians are closing the big doors of Parliament to go home to their families to celebrate Christmas. And hasn't it been a big year! Much of it dominated by a fascination over Labor's leadership coup, its drop in the polls, asylum-seeker policy frustration, the long and tortured road to passing a carbon tax - and all the while the Government hanging on to power .... just! Let's go *Inside Canberra* for the not only the last time this year, but the last time in this studio at Lissner Street, Toowong, to say good morning to Dr Craig Emerson, the Trade Minister.

**CRAIG EMERSON:** Hello Terri.

**BEGLEY:** And good morning to you Senator George Brandis, the Shadow Attorney-General and Deputy Opposition Leader in the Senate. Hello.

**GEORGE BRANDIS:** Good morning Terri. How are you?

**BEGLEY:** Good. A little sad to have you both here today. It is the end of an era for ABC Toowong, but a new one just around the corner.

**BRANDIS:** Well I'm sure you're all very much looking forward to your glamorous new studio on Southbank.

BEGLEY: I'm just hoping they don't take the same mustard-coloured wall panels with us.

BRANDIS: Well, I must say I've never thought that this temporary studio was a triumph of the decorators' art.

BEGLEY: It helps us concentrate more on our jobs, that's why. Look, let's get into a few of the most recent issues. And then I will talk to you both about some of the things that have been highlights or lowlights for you this year. But, firstly, I guess a bit of a lowlight for you and your party at the moment, Craig Emerson, is this spotlight that I mentioned on Julia Gillard and Kevin Rudd. It's rarely dimmed throughout this year, and tensions surfacing as recently as the weekend with this Cabinet move to award the ABC the Australia TV contract while Mr Rudd was on a plane ... which we know Mr Rudd's apparent preferred tender is Sky News. Mr Emerson, is this more about two people who just can't get along? And how distracting is this for the public?

EMERSON: No, it's not. And there is no significance whatsoever to the fact that this decision was taken while the Foreign Minister was overseas. We actually have a policy of the Foreign Minister travelling overseas. That might be unusual to some, but not to us. And Cabinet meetings still occur when the Foreign Minister is overseas, just as when I'm overseas as Trade Minister I don't ask or expect Cabinet consideration of issues to be suspended. So it is completely - reading into the fact that Kevin was away - misreading the idea that somehow this was brought on while he was away. I mean, you just can't suspend the work of Cabinet when a Minister - whether it's the Foreign Minister, the Defence Minister, the Trade Minister or indeed the Agriculture Minister, who's now heading overseas - and read some great significance into that. There is none.

BEGLEY: Whether or not it's mistiming, it does feed in to this perception of a dysfunctional government.

EMERSON: Well, I think it's better to stick with the facts. And the truth is, Terri, you've introduced it as some sort of very significant development that Cabinet met while the Foreign Minister was overseas. I'm simply pointing out that it is not unique to Labor Governments - not unique to this Government - that Cabinet meets when Foreign Ministers, Trade Ministers Agriculture Ministers and Defence Ministers travel overseas.

BEGLEY: Can we broaden this out, Senator Brandis, to the deal that was announced: that the Government has handed the ABC the contract for Australia TV. What do you want to see, in

Opposition, done on this in terms of balances and checks on this decision?

BRANDIS: Well we think there should be an honest and transparent tender process for major commercial contracts of the Commonwealth. And I listened patiently to Craig try and trivialise this issue. This is not a trivial issue. It is one of the bigger political scandals that we've seen in Australia in recent years. The suggestion that the Cabinet had to make the decision this week is at variance from what the Minister Senator Conroy told the Senate only two weeks ago, when he said the future of the tender process would be decided upon early next year. So there was no urgency to make the decision when Kevin Rudd was away. If you believe that this wasn't done as it was done in order to shaft Kevin Rudd, you believe that there are fairies at the bottom of the garden.

And the real pity that is that this very important tender, which ... to decide which broadcaster would be Australia's voice in the region - worth literally hundreds of millions of dollars over 10 years - has been decided not according to the national interest but as a result of the power-plays and intrigues and backbiting and faction-fighting inside the Australian Labor Party between Julia Gillard and Kevin Rudd. And Craig can try and airbrush it away, but everybody who has followed this issue - and I followed it closely like a lot of other people on both sides of politics - know that that is the real story here.

EMERSON: Much of what George said then was completely false. But because I'm limited by what I can say about Cabinet discussions and the positions of various Ministers, I cannot refute those claims by stating the actual position, including the position of various Ministers on the tender process and on who should be the favoured tenderer. I'm at a real disadvantage here, but I'm simply pointing out ...

BRANDIS: You're at a disadvantage, Craig, because you're trying to defend the indefensible.

EMERSON: I'm simply seeking to respect Cabinet confidentiality as George would if he were a Cabinet Minister.

BRANDIS: I've got no issue about Cabinet confidentiality, and wouldn't try to hide behind it. The fact is that the Minister who has the carriage of matter - Senator Conroy - told the Senate two weeks ago ...

EMERSON: Terri, I might say that this is very tiring. And I'll tell you what: we will talk over each other for the entirety of this program. And I promise you that, and it will be a complete schmozzle

if whenever I start speaking George Brandis speaks over the top of me. Now let's get some basic rules straight here. Whenever I seek to say something that is honest, credible and sensible, George Brandis speaks over the top of me and gets away with it. If you want to have an all-in brawl, let's have it and we'll have it now.

BEGLEY: And he's sitting back now. You've got the floor here.

EMERSON: I'm saying what I have just said now, and I'll summarise. I cannot divulge the nature of Cabinet discussions. There are false statements that were made in your introduction, Terri, and in what George Brandis has had to say. But I am not at liberty to correct them because I will not divulge the positions of various Ministers in the Cabinet room. That's a golden rule, and I'm sticking to it.

BEGLEY: All right. Let's move on. We're not going to go any further on that one. Interest rates today: this is obviously one that's got a lot of mortgage-holders hot under the cover today - hot under the collar, I should say. With the big four banks, the decisions not to pass on the 25 per cent basis cut. I know that both sides of politics do get involved in the commentary around this. Is there anything that the Government can do to force the banks on this?

EMERSON: Well, of course Terri I will call upon the banks to pass on the interest rate reduction in full. But I want to add a little bit of an analysis, rather than simply make that political call, with which I'm sure the Coalition would agree. And the analysis is this: the banks may well say that their funding costs are rising as a result of what's going on in Europe. Whether that is the case or not, the reason the Reserve Bank cut interest rates the second time in a row is that it is comfortable with the idea of stimulating spending in this country. If the banks do not pass on that full 25 percentage basis points reduction, then the intent of the Reserve Bank's cut is somewhat defeated. And that, I would put, is not only against the interests of consumers and small businesses, it's against the interests of the banks themselves. Because they do not do as well when people in the economy are spending less than they otherwise would. So, there's a bit of analysis to back up what I think George and I would agree is a commonsense position, and that is banks should pass on the interest rate reduction in full.

BRANDIS: I do agree with that. But can I just make this observation as well: the banks do face greater funding costs at the moment than they did before, for example, the GFC a few years ago. But I think people would also find it very difficult to

understand how some banks, like the Bank of Queensland, could pass on the whole of the interest rate cut and other banks refrain from passing on the whole of interest rate cut. Because whether they're big banks or small banks they're still raising their funds in the same debt markets.

EMERSON: That's a fair point from George. And congratulations to the Bank of Queensland and ME Bank: I understand they have both announced a full pass-through of that interest rate reduction. The Reserve Bank cash rate now is 4.25 per cent, which is two and a half percentage points lower than when this Government assumed office in 2007. So there's a real stimulus to this economy through these reductions, but it can only be transferred to consumers' pockets, to home-owners pockets, and to small business if the banks do the right thing and pass on this interest rate reduction in full.

BEGLEY: As we've heard, the cost of borrowing is getting harder for the banks themselves. And much of what they're doing is in response to the Euro debt crisis. There are more meetings on this week. What are both your Parties' positions if these latest rounds of talks fail? Craig Emerson?

EMERSON: I think there are some signs, Terri - and I don't want to put it too high - that Europe is finally appreciating the gravity of the situation there. They were talking now today of two bail-out funds within the European zone, plus of course the International Monetary Fund. And if it took on the responsibility of supporting banks and the sovereign debt situation in these countries, that would give more confidence to the markets. How does this transmit to us: in the very way that you've just described? It can affect funding costs; it can affect even the availability, for example, of trade finance. Fortunately we are not as directly linked into Europe as we were 20 or 30 years ago, because visionary leaders have decided a long time ago to put Australia in the right place at the right time, in the Asian region in the Asian Century.

BRANDIS: I don't think anybody has actually relocated Australia in the last 20 or 30 years, Craig. I think it's a question of how the regional economy's developed.

EMERSON: But your Party would cling on to the apron strings of Mother England - that's my point.

BRANDIS: Can I make two quick points, Terri?

BEGLEY: Sure.

BRANDIS: First of all, I think Australia has very, very limited - if any - capacity to influence decision-making by European leaders and finance ministers. So I don't think we should get ahead of ourselves, or think that we are a big player in decisions that will be being made in European capitals. But, secondly, I think to put this in a broader context, why has Europe come to this pass? It's come to this pass because governments of too many European nations have got in to too much debt. And the one domestic lesson for us in Australia is that governments shouldn't borrow too much. And I'm afraid to say that to this day the Labor Government - the Federal Labor Government - is borrowing 100 million dollars a day. They are doing exactly the wrong thing.

BEGLEY: Sure. But when you compare that to other countries, our borrowings are much, much less.

BRANDIS: Yeah, and there's a reason for that: because when the Labor Party came into power four years ago they inherited no debt - zero debt. And in the four years since they have been in power they have produced the four biggest deficit budgets in Australian peacetime history.

BEGLEY: Craig Emerson, is that fair to compare us to the European nations?

EMERSON: Well, of course not. And talking down the Australian economy serves no-one's interest. George Brandis knows that ...

BRANDIS: I'm simply pointing out that ...

EMERSON: ...our net debt ... You are seeking to ...

BEGLEY: I've turned him down. It's all right - keep going.

EMERSON: Good, thank you. Our net debt will peak at 7.2 per cent. The net debt of the developed world as a whole is around 75 per cent. So we are one-tenth of the net debt of the developed world as whole. It is true that we did not have net debt when this Government came into office. It is also true that we have been confronted with the deepest global recession since the Great Depression. If the Coalition is now saying that with write-downs of 130 billion dollars in revenue, that we should have cut expenditure commensurately with those write-downs - that is, a 130 billion dollar cut in spending - we would have brought on in Australia not only a recession but a depression.

BEGLEY: Okay. Let's move on ....

BRANDIS: Can I just .... A very quick ...

BEGLEY: Very quick. We're almost out of time. We want to talk about something else.

BRANDIS: A very quick response; a quick response. It's all very well for Craig to say ...

EMERSON: Well, thank you George. That's very generous of you.

BRANDIS: ... 'well, the projection is 7.2 per cent of GDP'.

EMERSON: It's a fact.

BRANDIS: Eighteen months ago your Government's projection was that net debt would peak at 5.9 per cent of GDP. So, it's escalated in the last 18 months. So, every time you announce these predictions, they go up.

BEGLEY: All right. Just a very, very quick response, Craig Emerson.

EMERSON: Yes, and I'm saying that there are further revenue write-downs: that is, that Government revenue is not as strong as we would all like. And to make a contractionary fiscal policy greater than that which we have done - which has allowed for the Reserve Bank to reduce interest rates - would simply send the Australian economy towards a recession. If that's the Coalition's policy, get up and announce it.

BEGLEY: All right. Moving on to policies, and some of the ones that have been adopted through Parliament this year. Just a quick look back if we can, gentlemen; quick answers if we can, because I think we're about to lose the line to Craig Emerson. So, we'll start with you, Minister Emerson. The proudest or most satisfying bit of legislation to go through Parliament? Just in a couple of words for you this year.

EMERSON: Pricing carbon, the mining tax, great education reforms, a fundamental health reform, 130,000 new training places, 250 Bills through Parliament, the National Broadband Network.

BEGLEY: That's more than a couple of words. Craig Em ... sorry, Senator Brandis.

BRANDIS: The proudest moment for me this year was voting in the Senate against the carbon tax.

EMERSON: Well there's a surprise: no, no, no, no, no!

BRANDIS: Because, might I remind you Craig, you were elected promising there would be no carbon tax under a Gillard Government.

EMERSON: Yes, and you supported an emissions trading scheme.

BRANDS: So there was one side of politics that was sticking up for the Australian national interest.

EMERSON: That's right.

BRANDIS: And one side of politics that was high-fiving each other as they betrayed their promise.

EMERSON: The Coalition is proud that it said "no" all year. That's what they think makes an alternative prime minister.

BRANDIS: We will always say no to bad policy and broken promises.

BEGLEY: Let's look at the other side of things. Craig Emerson, what was the policy area of most frustration for you during this year?

EMERSON: I think probably the asylum-seeker issue, where we have put into the Parliament a Bill which would allow the Government of the day to choose its preferred offshore processing location in order to break the people-smugglers' model. The Coalition says it believes in offshore processing, but has voted it down.

BEGLEY: Okay. I know that you're going to say that it was so disappointing for you for other reasons, with the asylum-seeker policy, Craig ... sorry, George Brandis. So, we'll just tighten that down. It's Christmas time. Who's been naughty and who's been nice in the Parliament this year? Craig Emerson?

EMERSON: Well, I think of people like Deborah O'Neill. You may not know Deborah O'Neill: she's a Central Coast MP and she's done a magnificent job. Michelle Rowland, another backbencher. Of course I could mention the entire frontbench.

BEGLEY: Who have you been most disappointed in on the floor of Parliament this year?

EMERSON: Tony Abbott.

BEGLEY: Right, okay.

EMERSON: And I genuinely say that because he just always says “no”.

BEGLEY: George Brandis?

BRANDIS: Give us something to agree with that’s not a catastrophe.

EMERSON: Well if Labor puts it up, you oppose it.

BRANDIS: Make a decision that’s not a broken promise or a catastrophe.

EMERSON: Health reform. Health reform. You’ve opposed that.

BEGLEY: All right. Who’s performed well for George Brandis this year?

BRANDIS: I think we’ve had a very good frontbench team. It’s been very cohesive. I think Tony Abbott and Malcolm Turnbull and Christopher Pyne and Greg Hunt and Scott Morrison, some of the senior frontbenchers have all stood out.

EMERSON: You can’t stand most of them.

BRANDIS: All of them are good friends of mine.

BEGLEY: Could I say on the naughty list might be Peter Slipper?

BRANDIS: Well, look, I feel sorry for Peter Slipper, that he felt that his career had reached a point where he had to do a sleazy deal with the Labor Party. The person I felt sorriest for I guess this year was in fact Harry Jenkins, who was a good solid Labor, man liked and respected by both sides of the politics, who was stabbed in the back by Julia Gillard.

EMERSON: Absolutely false.

BRANDIS: To be thrown out of the speakership ... and the tears in his eyes...

EMERSON: Absolutely false. And that is a bad note to end this session on. George Brandis has made a maliciously false statement. And I want to express my disappointment that at the end of a year ...

BRANDIS: Craig. Get over it.

EMERSON: ...as we approach Christmas, George Brandis made up a malicious lie to end the program on. And I think that is typical of the Coalition; typical of the Coalition, who always say “no”

and who just make up malicious lies. And that was one of them.

BEGLEY: All right. But can we just end it...

EMERSON: New Year's Resolution George: say 'I will tell the truth in 2012'. At least once.

BRANDIS: I always do, Craig.

EMERSON: Well, that was a malicious lie.

BRANDIS: Are you really disputing that Harry Jenkins was...

EMERSON: Absolutely. A malicious lie. Absolutely. A false and malicious lie.

BEGLEY: I think we're just going to have to say all the best to both of you gentlemen for Christmas and the weeks ahead, and all the very best luck to you in the New Year.

EMERSON: Have a lovely Christmas, Terri.

BRANDIS: Yeah, good luck to you Craig. And get over your guilty conscience about Harry Jenkins.

EMERSON: It's a malicious lie George, and you know it.

BEGLEY: On that note that we end *Inside Canberra* for this year 2011. You were just listening to Senator George Brandis, who is the Shadow Attorney General, Deputy Opposition Leader in the Senate, and Dr Craig Emerson, the Trade Minister.