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Inside Canberra with Madonna King and Senator George Brandis
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Subjects: China trade relations; global financial crisis; public debt; regulation of weight-loss products; people of interest.

KING: Now China's promised to buy \$50 billion worth of natural gas from the proposed North-West Shelf Gorgon Development. This is our largest ever trade deal, largest ever. And you might have heard it on the news, it's such a big deal. But let's find out why as we travel down the corridors of power with Dr Craig Emerson, Small Business Minister in the Rudd Government. Good morning Doctor.

EMERSON: Hello Madonna.

KING: And Opposition Attorney-General Senator George Brandis. Senator, welcome back to 612 ABC Brisbane.

BRANDIS: Good morning Madonna. Morning Craig.

EMERSON: Hi George.

KING: Craig can you just explain this deal for us?

EMERSON: Yes, natural gas itself as a product is used for electricity generation and other direct industrial uses. Obviously there's large quantities of it off the North-West Shelf of Western Australia and in the olden days Madonna, when they went looking for oil and found gas they were pretty disappointed. But now it's a bonanza and this gas is then transported by pipe on-shore, where it's refrigerated to make it into a liquid. That's then put on ships and then sent into Asia to fire up their power stations and industrial processes.

KING: A lot's been made that China has agreed to do this given it seems we're going through a stage where our diplomatic relationships are a little bit testy. Certainly our economic relationship is remaining strong?

EMERSON: The economic relationship is strong. It was strong too under the previous Government. There was a major gas deal announced by John Howard. We think that's great and this one is terrific for the future of our country.

KING: What about you George Brandis, this would be something that the Coalition would welcome?

BRANDIS: Oh sure and as Craig said it's a little larger than a somewhat similar deal that was negotiated about three or four years ago. These are not political decisions, these are commercial decisions. It might interest your listeners to remember, Madonna, that even at a time in the 1950's and the 1960's, when Australia didn't even recognise the Government of China, we nevertheless traded very extensively with China, and those were more agricultural products than mineral products.

EMERSON: I think there was a lot of wheat as well.

BRANDIS: A lot of wheat was sold so, you know, it's one of the funny things about international relations that there is the political level and the diplomatic level at the one side, but even when the diplomatic level is fractured or even non-existent, commercial relationships go on. That's just human nature I suppose.

KING: And it's a good thing isn't it?

BRANDIS: Of course it is.

KING: So let's talk about that economic situation. Something like this will certainly help. But it seems as though the outlook for the economy is getting brighter? And that brings me to this next point; the Government's stimulus spending has been very much under attack in Federal Parliament. Given it looks as though the economy is improving Dr Craig Emerson, what is the rationale for the Government to continue to spend billions of taxpayers' dollars?

EMERSON: Because, it is true that we're not out of the woods yet. That the economy is improving, there's no doubt about that but there's still a very uncertain global environment Madonna and the global economy is still in recession. We're one of the very few countries, maybe the only advanced country that's not in recession, so there's a lot of turbulence still coming from overseas and it would be a bit foolish to think that the road to recovery is just a long, straight and clear one. There's going to be a lot of bumps on that road to recovery and we need to support jobs, we need to support businesses, small businesses and apprenticeships and we'll continue to do so.

KING: George Brandis how do you see this one?

BRANDIS: Well I think these decisions about economic policy and fiscal policy are always matters of fine judgement. You don't want to be spending

too much and you don't want to be spending too little. Now what the Liberal Party was saying earlier this year and at the end of last year in fact, was that the Government was overreacting, that it was spending too much. And the economic indicators that we're seeing now demonstrate that we were right at the time. That although, as we've always said, at a time of economic slow-down it was appropriate for the Government to stimulate the economy, the spend was too big and it was inefficiently targeted. Now I think, I mean Craig can't say this of course, I'm sympathetic to that, but I think with the benefit of hindsight the Government's economic decision-makers would have wished to have committed Australia to less debt, as the Opposition was saying it ought to have done, rather than more debt and to overreact by overspending.

KING: There is the fear that if that had been done, that we wouldn't be having what appears from what some big economists are saying, this turn-around in the economy?

BRANDIS: Well I think, as I said before, it's a matter of getting a fine judgement. You want to spend neither too much nor too little. You want to get it right. The sort of figures we were talking about seem, in retrospect, to have been about what the economy needed rather than the much larger numbers, committing the economy to much, much more debt, that the Labor Party opted to spend.

EMERSON: Madonna, Malcolm Turnbull has said repeatedly that the stimulus is not working, that it hasn't created any jobs, that it hasn't created economic activity. And now they're saying you need to withdraw the stimulus. Well you can't have it both ways and that's the problem with Malcolm Turnbull, he's got every conceivable position, so with the benefit of hindsight he can say 'I was right', because he's occupied every conceivable position. Our stimulus plan has been endorsed by, just last weekend, by the International Monetary Fund (IMF), by all of the objective commentators, the international institutions, one of the most...

BRANDIS: That's not right. It hasn't been endorsed by them all, it's been endorsed by some and criticised by others.

EMERSON: ...cleverly targeted stimulus package just about anywhere in the world. And it is producing the desired results.

KING: Let me just pull you up there. There's been several economists who have been quite opposed to it and some of them saying also that it's been over the top. Hasn't there?

EMERSON: Not really.

BRANDIS: Yes they have.

EMERSON: No they haven't. There's a fellow from America named John Taylor whose argument and he is in that camp and Malcolm Turnbull likes to quote him, his argument is that the global recession was actually caused by

governments, not by the private sector and not by people operating in the financial markets. So when you come from such an extreme ideological position, you will then say there is no case for any stimulus package. And that is his view and he is cited by Malcolm Turnbull as an authority on this matter.

BRANDIS: Look with all due respect Craig, if you cast your mind back you will recall that at the time we had the debate on the second stimulus package, the very big stimulus package, the Opposition was saying that something around about half or two thirds of what you were proposing to spend was closer to the mark. And in retrospect it seems that that judgement would have been the more accurate judgement.

EMERSON: Well just yesterday the Coalition was saying that it would have spent the same on infrastructure that we're spending. As I say the Coalition has every conceivable position on this.

KING: All right well look, let's just end this here because what I would like you to do is tell me where you think the economy is. Now both of you might say well look, we're not economists. But you're sitting in senior positions; you're taking the advice of people who know. Do you both believe that the Australian economy is now turning around and coming out of the doldrums? Craig Emerson.

EMERSON: I do think that it is improving. And that's indicated at least in part by a very substantial boost in both consumer confidence and business confidence, including small business confidence. They are all positive signs. Retail sales is going pretty well.

KING: So you expect those...

EMERSON: So overall we're on the improve, we are on the improve but there is so much that can still hit Australia in terms of international turbulence and so we need to be vigilant.

KING: All right but just before I go to you there Dr Craig Emerson, does that mean then your higher forecasted unemployment figures for 2010, 2011 are unlikely to result, Craig Emerson?

EMERSON: Well we hope they are not realised, we hope that the unemployment rate is lower. We haven't changed our projections at this stage but it is true that independent authorities and, I think, the IMF have changed it downwards That would be good but if I can just give you this figure Madonna, we need as a country to generate around a 100,000 jobs a year just to stop the unemployment rate going up. And that's because, you know, new people are entering the labour market all the time. So it's a big task to prevent the unemployment rate going up. We believe it will go up but we hope it doesn't go up too much.

KING: All right. George Brandis, what's your view on where we are?

BRANDIS: Well I think that two things, at least, are very predictable. One is that interest rates are going to go up and what I would say they will go up more than they needed to have gone up because the Government is in the money markets borrowing money to support all this mountain of debt. And secondly, as the Prime Minister himself has flagged as recently as this week, taxes will go up. Again more than they needed to have, or indeed they didn't, taxes didn't need to go up at all. We've just come off 10 years in which Liberal Government cut taxes. Now taxes are going to go up. And interest rates are going to go up to fund an unnecessarily high amount of public debt.

KING: But aren't interest rates going up George Brandis also because the economy is growing, it is becoming more buoyant?

BRANDIS: Well the point I was making Madonna is that interest rates are going to go up by more than they needed to have gone up. Not merely in order to impose some fiscal discipline on economic growth. But also to support the unnecessarily large mountain of debt the Labor Government has got us into by overreacting and overspending.

EMERSON: It's not an overreaction and the fact is that Australia will have the lowest net debt of any country in the advanced world.

BRANDIS: Yeah but 18 months ago we had no debt Craig. We had no debt, we had \$55 billion of national savings.

EMERSON: I'm saying that, I'm saying that this debt is manageable and if we'd followed the Coalition's prescription of less or no stimulus then we would have a situation where up to 200,000 more Australians would be out of work. We care about that. The Coalition obviously doesn't see that as a major issue. We do. Jobs are very important. We are on the road to recovery.

KING: All right so we've already gone over those elements, let's not go over them again. George Brandis, the Opposition Attorney General and Craig Emerson, Small Business Minister in the Rudd Government with at least some agreement that the economy seems to be turning around, and you might have a view in your home whether that's the case. To a totally different issue now and revelations this morning that weight loss programs and products will have to prove they can help people keep off the kilos long-term, as the Federal Government decided on a crack-down of this industry which costs something like \$400 million a year. And we talk about the obesity crisis. Do you both support a crack-down on these weight loss programs?

BRANDIS: Well Madonna I don't know a lot about, I haven't seen this particular report but can I make this point; of course we should be regulating pharmaceuticals and medicines but where you're talking about products that are not pharmaceuticals and medicines but, in one view, are essentially lifestyle products...

KING: Yes?

BRANDIS: ...there is the general law about, under the Trade Practices Act, which prohibits the making of misleading or deceptive claims in advertising, which we all support. But I'm a bit wary of subjecting non-pharmaceutical, non-medical products to a regime like the very tight regime for pharmaceuticals.

KING: So you're saying basically, if people are silly enough to buy them, spend money on them and they don't work, it's really their individual choice?

BRANDIS: Well as long, as I said, there isn't actually false claims in advertising as to the effect of those products.

KING: All right to whether either of you have been on a diet in just a moment. But let's first go to Jonathan Hall in the newsroom...

[non-related audio]

KING: ... Thanks Jonathan. It's 17 degrees in this beautiful city of ours. Inside Canberra this morning with Dr Craig Emerson, Small Business Minister in the Rudd Government and the Opposition Attorney General, Senator George Brandis. And I think gentlemen, I was just embarking on this question; when last were either of you on a diet?

EMERSON: Well I feel that I'm constantly on a diet. I do watch what I eat - as I eat it. No, I'm constantly on a diet in the sense that I think you have to be careful as to what you're eating because particularly in the sorts of occupations that George and I are in, a lot of our time is spent sitting in chambers and sitting in offices. So you have to be careful.

KING: But do you try those meal replacement packets?

EMERSON: No I don't. My concerns with those sorts of fad diets is what's been in the paper today - and by the way the report itself - the newspaper reports say it's in a report I haven't seen. I'm not sure. It's certainly not Government policy what's being speculated about in the paper today. But for me the problem with those sorts of diets is, they might work for six weeks but if you don't change your basic attitude towards eating and lifestyle then the weight will just pour back on again, you've spent a lot of money and you've got nowhere. And probably also a fair bit of depression as you put the weight back on again. So I think to just be reasonably vigilant is the best shape you can be in.

KING: George Brandis? Last diet you were on?

BRANDIS: I agree with what Craig has just said.

KING: [laughs] You can tell us. Have you been on a diet?

BRANDIS: Well you know, I watch what I eat and...

EMERSON: He's looking svelte-like.

KING: I'm not, I'm not being unkind, I'm not suggesting you should go on a diet, or anything like that.

BRANDIS: No no, I'm sure you're not. But we, you have to watch what you eat, particularly in a sedentary occupation like this.

KING: Craig Emerson someone's just called in and said when you said we had the lowest debt in the OECD, is that the lowest debt as a total figure or the lowest debt per head of population?

EMERSON: As a share of GDP, as a share of gross domestic product, as a share of our economy.

KING: Okay, do you have it as per head?

EMERSON: I don't have the public debt figures in my head, but I can say that the private debt figures have increased and I don't want to make a big political point about this...

KING: No, all right no, that's not the question I asked. But...

EMERSON: No, but the private debt figures are very, very high. Public debt figures are low.

KING: The most interesting person you've spoken to this week? George Brandis.

BRANDIS: Well last Friday I went down to Melbourne, to represent the Opposition at the funeral of a former Chief Justice of Victoria, John Phillips, and the Mass was conducted by a priest called Father Peter Le Strange. I was very impressed by him, he was one of that, you know there's a group of Jesuits, who are intensely well-educated and terribly urbane and gently-spoken and very holy and intellectually very impressive in every way. So Father Le Strange who conducted this wonderful funeral mass for the former Chief Justice of Victoria is of that category of people and I was most impressed by him.

KING: Can you top that Dr Craig Emerson?

EMERSON: No I can't but George might think I will because the person I have in mind is Kelly O'Dwyer. She's a former staffer to Peter Costello. I met her at the Australian-American dialogue dinner on Saturday night. I understand that she's very short odds to be the candidate for Higgins.

BRANDIS: She is.

EMERSON: If Peter does in fact, you know, rack the cue. But I know George has a very high opinion of her.

KING: But were you, were you impressed with her? Were you impressed with her?

EMERSON: I think, yes I was. We didn't get to speak at length but obviously she's...

KING: Would you vote for her?

EMERSON: Never. She's a Liberal. I vote Labor. But you know, that's all right in a robust parliamentary democracy. We still talk to each other. George and I get on very well, for example. And we had a bit of a conversation. But she may be, you know, a good example of the generational change that I think and hope the Coalition is looking to achieve.

KING: George Brandis?

BRANDIS: Well I'm glad, I'm glad you said that Craig because Kelly O'Dwyer's a friend of mine and I know her very well. I think she will almost certainly win the Higgins pre-selection and she is one of the most impressive younger people I've seen coming through the political system...

KING: How old is she?

BRANDIS: ...for years. Kelly would be in her early thirties?

EMERSON: Thirty-two I think. I think she's about 32.

KING: All right we might get her on to have a chat to her.

BRANDIS: A face for the future no doubt.

KING: All right. What are you reading at the moment George Brandis?

BRANDIS: Well I've just finished reading a very interesting book by John Julius Norwich about the history of the Mediterranean. And I've embarked on something completely different, a book about the space program, by an English academic who talks about the politics behind the space race.

KING: We're never going to fight over the same books at the local library, let me give you the drum. Craig Emerson? What about you?

EMERSON: And you won't be fighting with me on this one. I'm reading the Productivity Commission's report on parallel importation of books. I think your book would be far more exciting and George's is far more exciting too but that's part of my job.

KING: I'm pretty sure, I'm pretty sure of that too. Sounds of Australia – there were 10 additions to the National Archives overnight. Of what sounds are quintessentially Australian, official Australian sounds? When you think of the

word Australia, when you travel around the country, both of you, what is the speech, the song, the word, the sound that encapsulates our nation? George Brandis?

BRANDIS: Well, a couple of things. I'm – this is not a very original thing to say – but I'm a devoted slave of the Dorothy McKellar poem. I like the intro to the ABC News in the morning, as a matter of fact. The long intro. I think that's an absolutely quintessentially Australian sound. And only because I have a very distant childhood memory of it. I'm rather fond of I like Aeroplane Jelly.

[laughs]

EMERSON: We were talking about fad diets, George.

[laughs]

KING: And just, what would you prefer to give us, a line from Dorothy McKellar's My Country? Or would you like to sing Aeroplane Jelly?

BRANDIS: I think I'd be safer in the former.

EMERSON: [sings] I like Aeroplane Jelly...

BRANDIS: [quotes] I love a sunburnt country, a land of sweeping plains...

EMERSON & BRANDIS: ...of rugged mountain ranges, of drought and flooding rains. I love her far horizon, I love her jewelled sea. Her beauty and her terror; that wide brown land for me.

KING: I am not going to ask any other questions, I am ending on that note. Gentlemen, great to talk to you and we look forward to having you with us again next week.

EMERSON: Thanks Madonna.

BRANDIS: Thank you Madonna.

KING: That's Senator George Brandis and Dr Craig Emerson, inside the halls of Canberra and we've finally got them agreeing on something; Dorothy McKellar's My Country. And who didn't learn that at school...

Ends