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SKY NEWS AM AGENDA

With Ashleigh Gillon and Helen Coonan
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SUBJECTS: *Afganistan; Newspoll; Queensland election; stimulus packages; meeting at the Lodge.*

GILLON: Let's go straight to our panel of politicians now. Joining me from Sydney, the Small Business Minister, Craig Emerson. Minister, good morning.

EMERSON: Morning Ashleigh.

GILLON: And also, Helen Coonan, the Shadow Finance Minister. Hi.

COONAN: Hi Ashleigh.

GILLON: Well, today, we've just had a look at these Newspoll results showing that public opinion is firmly against sending more troops to Afghanistan. Minister, how much weight will public opinion actually hold when it comes to the government making a decision about whether or not it will boost our troop commitment there?

EMERSON: A very important consideration Ashleigh is that the Taliban and al Qaeda have been heavily involved in the deaths of more than 100 Australians over the last few years, including in Bali. So we place heavy weight on that - the fact that Afghanistan is a training ground for terrorists, and we need to contribute, as we are contributing, to the effort to counteract terrorism in the war on terror.

GILLON: Well Minister, this poll could suggest that that message you just, you just explained, isn't really getting through to the public that the benefits of this war in Afghanistan perhaps just aren't cutting through. The government might not be selling this message well enough.

EMERSON: Well, we have to do the right thing by the Australian people, and by the nation. We have, in Afghanistan, around 1,000 troops, which is the largest non-NATO contingent. So it's a very substantial contribution. But we won't relent in the war on terror. It's vitally important; it had its most dramatic manifestation back in 2001 with the World Trade Centre bombings; but Australians, in large numbers, have lost their lives.

GILLON: Helen Coonan, will the Opposition support whatever decision the Rudd government makes on this?

Yesterday Malcolm Turnbull sent out a news release saying he would not seek to make political capital out of Afghanistan, but in the next sentence he was calling for the government to better explain an exit strategy for this war.

COONAN: Well look, this is a very critical issue, I think, for the government and for Australians, and certainly for the Opposition. The community more broadly I think is starting to be very concerned that Australians and Australian soldiers are actually dying in Afghanistan. They're right in the line of fire in Oruzgan Province. It's a very fraught situation.

Now, we have always had, with these sorts of matters, bipartisan support for the government's commitment to troops in Afghanistan. After all, we in fact committed troops to Afghanistan. However, it's coming up to a 10 year anniversary. We've already seen President Obama talking about the need to think carefully and critically into the future, and also talking about an exit strategy.

Now, we think that it's important for the government to explain the long-term strategic objectives for Australia in Afghanistan. That's not to say for one minute that we resile from our support for our troops fighting in Afghanistan; but if they're to be, are to be other questions about whether or not you commit more troops or what kind of further deployment might be appropriate, not only with troops, but, in other areas - aid for example - other assistance in Afghanistan; that needs to be clearly explained.

So far we haven't heard very much from the government in over a year about where exactly they see Australia's interests in the longer term in Afghanistan. We think fighting terrorism is critically important, so we support that, but we would like to see a more coherent approach from the government as to what the long-term aims are.

GILLON: Well of course Afghanistan will be on the agenda for the talks we'll see over the next 24 hours between President Obama and Kevin Rudd. The other big issue for these talks of course is the economy. Overnight the US administration outlined its plans to try to tackle toxic debt in America. It's been well received by the markets. Wall Street had its best day in five months.

Craig Emerson, how optimistic are you that this plan will actually work?

EMERSON: Well, some people might call it a dead cat bounce, but it's a very big cat. It think it's encouraging that there's been a seven per cent increase on Wall Street. These things do go up and down and we can't predict them. But, Kevin Rudd's long been saying that we need to clean the global financial system of toxic debt. The problem at the moment Ashleigh is that where people don't know who's holding the toxic debt, then they become extremely risk averse, and then you get into this terrible situation of banks refusing to lend to other banks for fear that the other banks will go under and that'll bring the lender undone as well.

That then is really - we've talked about a global financial crisis, which we still have - but that itself has fed directly into what is now a global recession. So, getting the toxic assets out of the system is a very very high priority. Kevin Rudd and Wayne Swan have been making that point for some time, so this is all very encouraging.

GILLON: Helen Coonan, are you confident that Obama's latest plan will work to encourage growth in the US economy? Will it get people lending again do you think?

COONAN: Well look, I think it's very interesting that they're trying something slightly different, trying to sell off these toxic assets as opposed to putting them in a bad bank; that was originally talked about as the way of cleansing toxic assets. But whichever way it's done, it is important that the

United States does in fact clear toxic debt and that we have an opportunity not only in America, but certainly here in Australia, to build new balance sheets.

We've got a different situation here in Australia, and whilst we have said that we think it's important that Mr Rudd goes to this meeting - the G20 - and certainly important that he meets President Obama; no argument about that; we do think that having a plan for the world is all very well, but you need to also concentrate on your own backyard; and we think that here the stimulus packages - at least the cash components of the stimulus package - the first one anyway, which is the one that we can measure at the moment, doesn't seem to have had the desired effect.

So, I think there's some mixed messages being sent by Mr Rudd at the moment, and we would like to see a much more concentrated effort on fixing Australia's problems as well.

EMERSON: Ashleigh, just this morning...

GILLON: Well Helen Coonan, public opinion seems to disagree with you. That Newspoll that we mentioned earlier also showed that Kevin Rudd's popularity is at a near high. You could read that certainly as public agreeing with the way that the government is handling the economic crisis.

COONAN: I think what it probably shows is that the public appreciate getting large dollops of cash. I mean, why would people in circumstances where they get a cheque through the mail, or however they get it, otherwise be grateful and acknowledge the person who sent it, or at least the system that's delivered it to them.

But look, polls are certainly - they go up, they go down. There's no doubt that this poll is a positive poll for Labor. But, you know, you can't always put all your faith in polls. I mean, look at Queensland on the weekend, for example. I mean, those polls certainly didn't deliver the kind of outcome being predicted up there in Queensland. So I think we just have to take them as they come, but not get too pre-occupied that they've got some definitive outcome into the future.

GILLON: Craig Emerson, is this what happens when you send out cash bonuses to more than half the country, the popularity of the Prime Minister gets a boost?

EMERSON: Well, obviously the Australian people agree with the economic strategy being pursued by the Rudd Government. Just this morning on radio, Julie Bishop again has criticised stimulus packages great and small in Australia and overseas. It's clear that the Coalition doesn't agree with stimulus packages.

COONAN: Well, that's not right.

EMERSON: Now, on Friday, the International Monetary Fund produced its analysis, and again, a rather sombre analysis but a very strong endorsement of fiscal stimulus packages, and Australia's package is pretty much on the money. It's around two per cent of GDP. That's what the IMF is recommending. So we're fitting into the global efforts to stimulate the economy but we get criticism from the Coalition on all the components. For example, Joe Hockey has criticised the school funding component of our stimulus package, which is a very large component of it.

And if I could talk about very briefly what happened on the weekend. You had one-fifth of the Australian people, that is, Queenslanders, going to a poll, presented with this choice between Anna Bligh, the Labor Government saying that it would invest in infrastructure to support jobs, and the Opposition saying they would cut jobs. And it was a strong endorsement of supporting jobs...

COONAN: Well, can I just jump in there...

EMERSON: ...by investing in infrastructure.

GILLON: We'll get back to Queensland in just a minute. But Helen Coonan, let's give you an opportunity...

COONAN: Thank you.

GILLON: ...to respond to a couple of things that Craig Emerson said there. Firstly, he was claiming that the Opposition is against any sort of stimulus, not just the Rudd Government's plan but...

COONAN: No. Well, that's not - that's not correct. And in fact, right from the beginning, we of course first supported the first stimulus package...

EMERSON: And then criticised it.

COONAN: ...and then we're talking about whether in fact it worked, the cash component of it. And clearly it hasn't.

But there is no doubt that stimulus packages can be recommended in circumstances such as Australia faces. And what we've in fact said, that - and I think I've said it before - that we have thought that it needed to be a bit more modest and targeted much more to productivity growth to doing things that will have longer lasting effect in the economy, do more to support and stimulate jobs by helping small business more than the packages have, particularly to allow businesses with - to help businesses with their cash flow, and to do things that will actually build the longer term productivity of the economy.

We think that that should be the focus of the stimulus, not that there shouldn't be one. But we were critical and are critical of the cash components of the stimulus packages, which so far as we can tell, do not seem to be being spent in the way that Mr Rudd contended for when he announced them.

GILLON: Okay, on another matter that the minister raised, being to do with the Queensland election on the weekend, Helen Coonan, what sort of direction do you think the LNP now needs to take? Do you agree with some of your colleagues that the party should perhaps be renamed to focus more on the Liberal Party brand?

COONAN: Well look, this is just my personal view. I mean, there's just been a merger, and I think that one electoral contest where there have been significant gains - certainly not a win in overall terms, but significant gains in circumstances where, of course, the margin was, you know, required a Herculean effort from any opposition, means that the LNP should be given a chance to settle down. They're going to obviously have new leadership;

there'll be some lessons to be learnt as there always are from election defeats.

So I think it's a bit too early to start calling time on the LNP. Let's see how they go for the next few weeks to get themselves into shape with a new leader and a new direction.

GILLON: Craig Emerson, do you agree? Do you think the unified LNP made the party more of a formidable opponent than it otherwise would have been?

EMERSON: Not really. And really, I have to say, Ashleigh, it's not for me to comment extensively on the internal workings of the Liberal and National Party in Queensland.

There was, however, clearly a reaction to the idea that Lawrence Springborg, who I think is quite a good bloke, actually, but his image is of a country guy, and in Brisbane, they didn't think - that is, people who might otherwise have voted Liberal - didn't really see it all that attractive that he represent their interests because they probably thought he wouldn't do that very well.

So now there's a contest on. It does seem to be agreed - Helen might correct me on this - that the Liberals will form - will provide the leader, the next leader of the LNP. But the question of who that is going to be is still unresolved. I see Mal Brough. I mean, again, I think Mal Brough's quite a good guy, but I don't think he can lead them if he's not in the state Parliament.

GILLON: Helen Coonan, just very quickly, your take on that, on who's going to lead the LNP now?

COONAN: Well, I'm really just not in a position to speculate about that, Ashleigh. But I think it's encouraging that there are some people who are being talked about who seem to me to obviously have some good qualities and some things that will be of broader appeal. And we obviously need, in looking for a new leader, to look to somebody who can also do something with that urban base there in Brisbane.

So these are all the sorts of considerations that no doubt would be taken into account as the members of the LNP look to who can take them forward as their new leader.

GILLON: Okay, we are running out of time. There's just one other topic I want to get your opinion on.

The front page of *The Australian* newspaper today detailed a meeting between Kevin Rudd and a Mr Li from China's Communist Party. Considering the potential Chinalco deal and the interest in that at the moment, Minister, can you think of any reason why the Australian media wasn't alerted to this meeting when China's state-owned media was actually allowed into The Lodge to cover the talks?

EMERSON: Well, I saw that story and I also saw a front page photograph of Kevin Rudd with Mr Li, so I don't know if that was a secret photo. They seemed to be posing outside The Lodge. I don't know all the details of that. They've obviously had discussions, including Kevin Rudd welcoming the fiscal stimulus package of China, which actually is very important to our medium-term prospects. So the Chinese are really ramping up their own investment in housing and infrastructure, as we are here in Australia.

GILLON: But Minister, do you find it odd that the Australian media wasn't alerted to this meeting?

EMERSON: Oh well, as I say, I don't know the details other than to see a front page photo of the Prime Minister shaking hands with Mr Li. There has been a briefing to *The Australian* newspaper out of that. Obviously another matter that was discussed is the role of China in the G20 and in resolving this global financial crisis. So I can't really elaborate much more than that, other than to say I did note a very large photograph on the front of the paper. So if it was a secret, it was sort of, odd sort of secret as far as the media's concerned.

GILLON: Well, it may have come from the Chinese-owned state media that was invited to The Lodge.

Helen Coonan, is something fishy going on here, or should we in the media just accept that we're not going to be invited and alerted to everything the Prime Minister does?

COONAN: Well, I've only seen also the report in the paper. I think it's a bit difficult to draw, you know, definitive conclusions from that. But I think the broader issue is that it is very important that processes surrounding, you know, Chinese investment in Australia - and we know we've got the Chinalco proposal before the FIRB board. They're critical issues for Australians to know about. And I think the whole FIRB process can be pretty opaque, and we know that these sorts of things have to happen in the national interest, and we don't really know much more about it until the Treasurer is able to make a decision and to talk about that.

So of course, transparency is always a good thing, including meetings between critical Chinese officials and leaders and our Prime Minister. I think in the kind of open society Australia lives in, we like to know about these things and we don't like to be suspicious about or draw conclusions about something that might appear to be otherwise than transparent.

GILLON: Helen Coonan and Craig Emerson, thank you both for your time this morning.

EMERSON: Thanks a lot, Ashleigh.

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