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MINISTER FOR TRADE

Transcript
Sky Agenda with Ashleigh Gillon
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E&OE

Subjects: Economic reform; climate change; Newspoll; John Howard; water reform; proposed ASX merger.

GILLON: Joining me this morning is our panel of politicians. The Trade Minister, Craig Emerson, good morning to you.

EMERSON: Good morning, Ashleigh.

GILLON: And also the Shadow Minister for Climate Action, Environment and Heritage, Greg Hunt. Good morning to you.

HUNT: Good morning.

GILLON: Well, we will get to the shoe throwing shortly. But first, let's focus on what Julia Gillard had to say last night about Pauline Hanson. Do you feel like your policies, Greg, have any resemblance to Pauline Hanson's when it comes to the economy?

HUNT: I feel under more threat from the shoe thrower. A few weeks ago they were saying the Opposition was all about 'let it rip' market capitalism. And what we're seeing now is a Government that, after 100 days, has racked up about \$10 billion of new debt in 100 days but has no sense of a real reform agenda for Australia. It's a reversion to Whitlamite incompetence but without the meaning. And so they'll cast around epithets but there's no substance to it. What we could and should be doing in Australia is: firstly, simplifying government, controlling government expenditure. That would have an impact on interest rates. Secondly, looking at taking real steps to clean up our environment through things such as directly transforming the power stations, not

through using a massive increase in electricity prices. They're the choices for Australia, not this Whitlamite incompetence.

GILLON: But saying that the Gillard Government doesn't have a reform agenda is misguided, isn't it? We're looking at putting a price on carbon, on the water reforms. There are a number that we could go through.

HUNT: Well, I think they're completely confused on what they want from water. We have a very clear alternative. We have a plan which is based around \$4 for infrastructure, \$1 for buybacks, \$1 for community support. All of that was thrown out the window when on 10 August Julia Gillard said we'll just buy it all back. That was a pre-election promise that she has walked away from now. So there is no clear policy. We can tell you exactly what we'll do, how much we'll do. And we'd start with fixing up the Menindee Lakes which should have been done in the last three years.

GILLON: Craig Emerson, there's a lot I know you'll probably want to respond to in those couple of answers. First of all though, what policies exactly does the Coalition have that remind you of Pauline Hanson?

EMERSON: A refusal to put a price on carbon and I'm glad that Greg's here because he said just a little earlier in the year: 'my university thesis in 1990 was on market-based mechanisms to reduce pollution'.

HUNT: Absolutely.

EMERSON: Pity he was unable to convince Tony Abbott. His own interest in market-based mechanisms is totally opposed to putting a price on carbon. Congratulations to you and I know that you have to show some solidarity under Tony Abbott's anti-reform leadership. Obviously Malcolm Turnbull was interested in putting a price on carbon but got rolled by Tony Abbott over that very issue. Overall, we've seen Joe Hockey, the spectre of Joe Hockey talking about re-regulating the financial sector, perhaps legislating on interest rates. This would take us so far back. This would take us back to 1983-1984 where the Hawke Government, with Paul Keating as Treasurer, opened up Australia to create this open, competitive economy. And now we are seeing the re-emergence of what Julia Gillard describes as a form of economic Hansonism.

GILLON: Craig's right, isn't he that you were spruiking an emissions trading scheme not that long ago?

HUNT: No, my argument has always been for a market-based mechanism. And what we have here is a choice between two different approaches. One is the massive increase in electricity. The problem from the market perspective is that electricity is an inelastic good. It's an essential service. And so you drive up the price, which is the goal, the

purpose, the structure, as well as the Treasury modelling of electricity and it has a modest impact...

GILLON: Sorry, just to clarify, when Malcolm Turnbull was the leader you were...

HUNT: Ashleigh, at no point did I ever argue for the Government's model.

EMERSON: Did you argue for an emissions trading system? Of course you did.

HUNT: I argued for market-based mechanisms. And what we've got...

EMERSON: Yeah, an emissions trading system.

HUNT: What we've got is a very simple thing. And that is, carbon buybacks, direct action to actually clean up Hazelwood Power Station, for example. And I think there is a great challenge. If you do believe in what you're saying, here's the chance to come clean with the Australian people and release the Treasury modelling on the electricity pricing. On the first two days of Parliament in this term, Kevin Rudd said a 19 per cent increase...

EMERSON: How you've changed, Greg. How you've changed.

GILLON: Where is that modelling Craig Emerson? Why can't Australians see that?

EMERSON: I just want to respond to that very quickly. Greg was saying he was in favour of a market-based mechanism when he produced his thesis. He was in favour of a market-based mechanism when Malcolm Turnbull was leader. Now, he's not in favour of putting a price on carbon because carbon is an inelastic good.

HUNT: We still are, we've got one.

GILLON: Okay, well let's get you to focus on what the Government's doing. Why isn't the Government releasing that modelling that Greg was just talking about?

EMERSON: Well, we are involved in a very open and transparent process on developing a consensus to put a price on carbon. It is so open and transparent that we have a Parliamentary Committee onto which we have invited everyone.

GILLON: Yet, you won't release that modelling.

EMERSON: The essential point is that this is an open and transparent process that enables people from the Parliament to have their say - to be involved constructively in developing a price on carbon and there's only one

party that refuses to accept that invitation and that is Tony Abbott's anti-reform economic Hansonist party.

GILLON: Okay, look, last night in that speech Julia Gillard also took aim at Kristina Keneally over her refusal to sign up to the National Occupational Health and Safety Reforms. Kristina Keneally wasn't impressed by that attack. She was on radio this morning. Take a listen.

KENEALLY: It is the right thing to do for state leaders to stand up for their state, to stand up for their state when their workers' safety is affected, to stand up for their state when rural and regional communities are affected. I make no apologies for doing that and no matter what name the Prime Minister might call me, I'll continue to do what the people of New South Wales expect of their Premier.

GILLON: Craig Emerson, are both of the leaders just milking this row for political gain? Julia Gillard, so she can distance herself from an unpopular New South Wales Government and Kristina Keneally so that she can be in favour with the unions ahead of that election.

EMERSON: What Julia Gillard is doing is embracing economic reform. Whether it be through a price on carbon, whether it's through the Murray-Darling Basin system, whether it's through our training programs, whether it's through deregulation in 27 different areas of business regulation. One of which is the very subject that we just saw and that is a National Occupational Health and Safety Scheme. Kristina Keneally, certainly the New South Wales Government, has twice signed up to that National Occupational Health and Safety Scheme. Now, when the present Premier is now saying the system that they have is superior, well she's forgetting the fact that they signed up to a National Occupational Health and Safety Scheme, which is a major economic reform. Yes, Kristina is Labor. But when a Labor premier or a Democrat, a Green or a Coalition member is anti-reform, we will call it for what it is - anti-reform.

GILLON: And Barry O'Farrell, the New South Wales Opposition Leader, was also in her sights last night. He has indicated that he may reject whatever reforms Labor comes up with when it comes to the Murray-Darling Basin. Is that a constructive approach, do you think?

HUNT: I think what you're seeing here is the collapsing authority of a Prime Minister and the collapsing authority of a Prime Ministership. When the weakest Premier of the weakest Government in the country from the same side as the Prime Minister is prepared to thumb her nose at the Prime Minister, there's not a lot of respect. And there's not a lot of sense of this is a Prime Minister who carries weight. And that's the issue. There's no significant weight which comes with the prime ministership now.

GILLON: So back to Mr O'Farrell.

HUNT: Yep. And in terms of Barry O'Farrell, the answer is very simple. We have a very clear alternative which everybody has signed up to on the Coalition side. And that is the Howard-Turnbull Water Reform Plan, which was \$4 for infrastructure, \$1 for buybacks, \$1 for community...

EMERSON: How did the buyback scheme go?

HUNT: \$1 for community...

GILLON: I do want to get your take on the topic everyone is talking about this morning, which is that shoe throwing incident with John Howard last night. Minister, you wouldn't condone that sort of behaviour, would you?

EMERSON: Further than that, I would condemn it. John Howard is a former Prime Minister of this country. He deserves respect for occupying the position of Prime Minister of this country and he was not shown respect last night.

GILLON: And he did handle it very well, we have to say.

EMERSON: He looked very relaxed and comfortable, I must say.

GILLON: Greg Hunt, we've seen John Howard's book is being released this week. Later today David Speers will actually be interviewing Mr Howard, so we're looking forward to that. Do you think that this book and the controversy over some of the things he's written about, for example his relationship with Peter Costello, is doing the Liberal Party any favours? Bringing up all this old ground?

HUNT: Look, I don't think the book is a remote problem at all. This was a great Prime Ministership. Arguably, one of the two greatest Prime Ministerial periods in Australian history and it was a period of genuine, deep, powerful reform that was opposed by the alternative side. There was reform of the taxation system, reform of the waterfront, reform of the benefit payment system, reform of the relationship between small business and employment - things which got the country moving forward.

EMERSON: Ah we're bringing back unfair dismissal laws.

HUNT: And it was a very powerful period of time and we celebrate that period.

EMERSON: You just heard Greg Hunt re-embrace unfair dismissal laws for small business. That's what he said, reform of the relationship between small business and employees.

GILLON: I think that is a debate that we could have another day, perhaps. I don't really want to go over that old ground.

GREG HUNT: Five minutes ago we were economic Hansonites, now we're Hayek's disciples. Which is it?

EMERSON: I don't agree ...

GREG HUNT: Hayek's disciples or Hansonites?

GILLON: We'll continue on with our panel after this break and we'll also have a chat with Martin O'Shaughnessy from Newspoll. Last try. We'll give you another chance when we come back after this break.

EMERSON: Round two.

GILLON: Welcome back to AM Agenda. Another opinion poll out today puts the Coalition ahead of Labor on a two-party preferred basis. The Newspoll also shows Julia Gillard's popularity is falling.

[Interview with Newspoll CEO Martin O'Shaughnessy]

GILLON: Craig Emerson, let's bring you back in. Are you surprised that the anger of the Murray-Darling Basin draft water plan has translated into a drop in the polls for Labor in these regional areas?

EMERSON: Well, of course I have to leave that analysis to the experts.

GILLON: You don't have to Craig.

EMERSON: We are. We're looking at one, you Ashleigh, and Martin O'Shaughnessy. I mean, Martin has drawn that conclusion or inference from it. But it does make the broader point, if there's any validity in this, and that is that reform is hard and reform is not usually popular. Going back to the Hawke and Keating era, people look back at it now through starry eyes as if it was all plain sailing. Every time Bob Hawke or Paul Keating put up an economic reform, there were problems for us in the polls. But I will say something about John Howard and he certainly has been in the news. About 80 per cent of those reforms were supported by John Howard as Opposition Leader. They were. That's how things have changed. And we are not getting that sort of support from Tony Abbott and Joe Hockey because they want to tap into that vein of discontent associated with reform. Yet it is those reforms that have locked in 20 years of prosperity.

GILLON: Greg, no doubt you think that the Murray-Darling plan has nothing to do with this poll drop for Labor. But do you think the Government deserves some credit? For acknowledging that there has been these angry protests, that they're trying to do something when it comes to setting up new bodies to look into how this is going to hit farmers.

HUNT: No, with respect. The simple test of the engagement of leadership is to face the community who will be affected. And there are two recent examples. Firstly, neither the Prime Minister nor Tony Burke will visit regional Australia and attend any of the meetings.

GILLON: Isn't that because this is an independent body and it needs to be arm's length?

EMERSON: And a draft plan. And a draft plan.

HUNT: No, it's not because of that. The Minister has intervened to say the authority is not so independent as we asserted.

EMERSON: That's incorrect. That's completely incorrect.

HUNT: And prior to today, prior to the last week, Julia Gillard was saying that Tony Burke would lead the consultations on the draft plan. The moment the draft plan was released, her language changed. She dropped that language because it was difficult. Now that is a failure of courage, of leadership, of vision and of reform. The second thing...

EMERSON: Everything you've heard is completely incorrect.

GILLON: We'll come to you in a minute, Craig.

HUNT: Another example, the day before the announcement on the Inverbrackie detention centre, the Prime Minister was in exactly that area, never said a word. Both of those things are about respect for the community who is the subject of your decision-making.

GILLON: Are we seeing a lack of consultation here on a few fronts, Craig Emerson?

EMERSON: Let's deal with the second one first, very quickly. The decision about that detention centre was made on the Monday. Not on the Sunday, not on the Saturday. Julia Gillard has used the proper Cabinet processes to make a decision rather than to announce a decision before it's made, Greg.

HUNT: It was conveniently made after glossing over.

EMERSON: No, no.

HUNT: The facts.

GILLON: Let's move on to water reforms, Craig Emerson.

EMERSON: And on the water reforms this is a draft plan. Now Greg has just said Mr Burke, Tony Burke, has intervened. All Mr Burke has done is

confirmed legal advice which says that the Murray-Darling Basin Commission can, and should, take account of socio-economic impacts. They are, that is the Independent Commission, is consulting on a draft plan. Now Greg's saying: 'well, where's the Minister?' This is an independent authority consulting not on a final plan but on a draft plan ...

HUNT: So why did the Prime Minister, the day before, say that the Minister would lead the consultations?

EMERSON: Then the Government of the day will make its decisions at the end of that process.

GILLON: Okay. Look, I know Greg that you could keep going on with your portfolio issues for the next hour or so at least but I do want to get to one final topic before we go. And that is that this morning the Shadow Treasurer, Joe Hockey, has raised doubts about whether the takeover of the Australian Stock Exchange by the Singapore Exchange is in Australia's national interest.
Have a listen:

HOCKEY: I have long championed Australia as a financial centre for the Asian region. Now as much as Singapore are our very, very good friends, they are also our competitors for financial services jobs in the region. And I would want to know exactly from the ASX, and I want to know and Tony Abbott wants to know from Wayne Swan and the Government, how is this going to help us to be a financial centre?

GILLON: Craig Emerson, does the Government approve of the merger?

EMERSON: I think we should take a dispassionate approach to this and that is to allow the regulatory authorities to do their work, rather than pre-empt it. Look, I don't object to raising of questions by people about this issue, but let's not pre-judge the issue. And that is always the tendency of the Coalition, to pre-judge, to get in first, to start maybe sticking the needle in and seeing if there are any votes in it for them. I think it's far better to just be dispassionate, go through the analysis and determine whether it's in the national interest.

GILLON: You're a key member of the Government's economic team though. Have you got any thoughts as to why this might not be in the national interest?

EMERSON: Well, I think it would be wrong for me to step in with opinions formed on the basis of a couple of newspaper articles and some further reading that I've done, ahead of the regulatory authorities doing their work properly.

GILLON: Greg Hunt, do you share Joe Hockey's concerns?

HUNT: There has to be a national interest test here. So our job is to set the parameters, the principles and to hold the Government to account on those and the parameters and the principles are very clear. Is this in the national interest? Does it in any way undermine the ability of the market structure to operate, so as to allow genuine competition in Australia? So our principles are genuine competition and the national interest. Those are tests which the Treasurer will ultimately have to face.

EMERSON: Could I just commend Greg? He's actually used two words, market and competition. I wish a few of his colleagues could get hold of those words.

GILLON: I was just going to say though, Greg. The Opposition has views and opinions on every other topic, so why not have a forthright view on whether or not this is in the national interest?

HUNT: It is early days and so we rightly set the test of competition and the national interest. We don't have the facts on this one. To go inside an \$8 billion takeover is an extraordinary level of detail. So we do want to be cautious and prudent but set the principles and that is our job and our role.

GILLON: Okay. On that conciliatory note, Craig Emerson and Greg Hunt thank you for your chat this morning.

EMERSON: Thanks, Ashleigh. Thanks, Greg.

HUNT: It's always a pleasure.

GILLON: And that's all we have time for for this edition of AM Agenda.

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