



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

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SANDI ALOISI: Well, to look at that tough Budget outlook for the Government, Marius Benson is speaking here to the Trade Minister, Craig Emerson.

MARIUS BENSON: Craig Emerson, will Labor deliver a surplus in financial year 2012/13?

CRAIG EMERSON: We have been saying for some time now that global turbulence makes the task of delivering a surplus much tougher, but we're determined to do it.

BENSON: People have noticed that you and other economic ministers are now using this formula of being "determined to return to surplus". And they're wondering is that a change in phrasing? Is that seeking out a bit of wriggle room in case you don't get there? Have you backed away from a definite pledge, a promise to return?

EMERSON:

It's really a reflection, Marius, of the fact that there has been an impact, or an expected impact, on revenues from the effect of confidence on spending here in Australia by consumers. But on the other hand, we have a very large investment pipeline, estimated at \$430 billion, so we're really just stating the obvious: that the global situation is more turbulent than it would have been expected to be, say, six months ago. But our effort will go into achieving a surplus; we believe we can do that, and we remain determined to do that.

BENSON:

Deloitte Access: Chris Richardson from that economic forecaster says if you panel-beat the economy with some cuts, and some boosts to revenue, you can return to surplus. But you shouldn't: it's just a political agenda, and not an economic one. He says Mr and Mrs Suburbs think a dollar in surplus means you're a genius, and a dollar in deficit means you're a dunce. Politicians of both sides have played to that; they should back off. Will you back off?

EMERSON:

Well, even if we assume Mr Richardson's analysis is right, he's talking about whether there should be a deficit of \$1 billion, or a surplus of \$1 billion, and that there would be some sort of catastrophic effect from the difference between those two numbers.

Now I'm not making any projections about the size of any surplus, but I can't see that in terms

of economic contractionary effects, there would be a difference between a surplus or a deficit of \$1 billion, as Mr Richardson asserts.

But what I can say is that there would be a positive effect upon consumer confidence and business confidence of a return to surplus, and that's why we're seeking to achieve that. And that's why we're determined to achieve it.

And I would also add this, Marius: that I remember when Australia recorded one quarter of negative economic growth during the Global Financial Crisis. And economists - not necessarily Mr Richardson - had said that it doesn't really matter if we just go into a recession, or just avoid a recession. Well, it did matter. It did matter that Australia avoided a recession; that itself had a big impact on employers' decisions to keep people in work; it had a big impact on confidence. And Australia remains the envy of the world, as one of the very few advanced economies that did manage to avoid recession.

BENSON:

Nonetheless, do you accept that there is a huge political agenda in going - or aiming - for a surplus, because the Opposition has been hammering Labor, saying you haven't delivered in 20 years?

EMERSON:

Well, let's talk about political agendas. The Opposition's \$70 billion budget just got bigger - that black hole just got bigger - because there was a phone link-up on Friday when the Coalition finally realised that it might not be a smart idea to take the superannuation increases away from 8.4 million working Australians. And they excluded the Shadow Finance Minister from that phone link-up, which decided that they would keep the superannuation increases.

It says it all, doesn't it? Mr Abbott has a phone link-up about government finances, and deliberately excludes the Shadow Finance Minister, because he knew that he would be, to quote Mr Rudd, "ropable". And he is ropable, because he was excluded from that decision. And the \$70 billion just got bigger.

BENSON:

Craig Emerson, I'll leave it there. Thank you very much.

EMERSON:

Thanks very much, Marius.

ALOISI:

That's the Trade Minister, Craig Emerson, speaking there with Marius Benson.