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**O'BRIEN:** Peter Garrett there speaking on Lateline last night. Now the Federal Government's stimulus package appears to have been effective as Australia remains one of the few nations to avoid recession.

**TRIOLI:** But unemployment is set to rise and of course we're going to see some June GDP figures out next week as well. For more on this, the Minister for Small Business Craig Emerson joins us now. Minister good morning, thanks for joining us.

**EMERSON:** Thanks for having me on.

**TRIOLI:** There's science and there's statistics and there's all the analysis and then there's just that sense, that feeling out there that you might get as you go around and talk to people, what do you think?

**EMERSON:** Yeah I think that feeling is confidence. There is a resumption of confidence – both business and consumer confidence. That's actually borne out by the graphs which show it going down and then this sharp rise so that's good for our future because it means that people are more likely to spend and that's what we need at this stage, for people to be spending more in shops and investing. It's very important for small businesses to make decisions to invest. If they do happen to have the cash flow, that enables them to do that and we've got a small business investment allowance that will encourage that sort of thing. So there is room for guarded optimism. It will be a bumpy road to recovery, there's no doubt about that but I think we're doing better than any other developed country in the world so that's a pretty good achievement in all the circumstances.

**O'BRIEN:** And with all those indications that confidence is rising are you expecting that that GDP figure will be positive?

**EMERSON:** I'm not a soothsayer and you know, the difference between a positive and a negative number in a GDP of \$1100 billion, there's not a lot in it. But look, we hope it will be positive. We are I think the only country, apart from Poland, in the OECD that had positive growth in the previous quarter. Deepest recession in 75 years, so that was a tribute ...

**O'BRIEN:** Does it give us cause for optimism?

**EMERSON:** Well I think so because John Maynard Keynes used to talk about this, that the problem with economic downturns is people get into this downward spiral of gloom and doom and then they behave accordingly and make it happen. It's self fulfilling, so if you can stop that early, which is actually the point of the stimulus package, stop that downward spiral early – and I think that's what we've done. Now it's not just the Government, it's the great attitude of businesses large and small keeping people on. You know because they remember it's not that long ago that they had real skills shortages and there's even in some sectors now skill shortages re-emerging. They kept their workers on which is a great social achievement as well as an economic achievement because we've had fewer people losing their jobs than perhaps the most pessimistic forecast would've suggested.

**TRIOLI:** If a member of the Opposition was sitting on the couch here this morning they'd be choking on their toast right now hearing you talk about the terrible things to talk the economy down because that's exactly what they accused you of doing in the lead up to the stimulus payments. That there was all this doom and gloom spoken about, how bad it would be. Now it's not turned out that way and we know that a third of those stimulus payments are being held in banks of individuals and they haven't spent it. It would seem that your response really was an overreaction now?

**EMERSON:** No I don't accept that at all. We're actually, if anyone's talking the economy down and I don't want to get into a political argument here, the Coalition was talking the economy down. Exaggerating the unemployment numbers. We had the Shadow Finance Minister asserting that 155,000 jobs had been lost since October. Completely untrue.

**TRIOLI:** But surely all that held money would indicate that yours was the overreaction too? Otherwise it would've been spent.

**EMERSON:** No and in fact what happened, it's pretty clear that the first stimulus payment in December, some of it was immediately spent but people did what I thought they might do and that is they ran their credit cards down. Come February you know, when people go 'oh my God, I've got \$5000 debt on the credit card' they had less than that and then started spending more so we had retail sales figures at a time which ordinarily would be very low, were quite strong. So the cash payment part worked quite well, I think very well. Then we moved into the nation building infrastructure, the small-scale infrastructure and now into the large-scale infrastructure. So those three phases were carefully calibrated to see us through as best we could this deep global recession.

**O'BRIEN:** Now we've seen the economic stimulus package signs being whacked up on toilets and bike paths around the country. Are you going a bit overboard with that? It looks like whatever building has popped up they're deciding to whack a sign on it saying that this is part of the program.

**EMERSON:** Well I haven't seen them on toilets, although what, do you have to lift the lid to see the plaque? Look I think it's we're just indicating it is a result of the stimulus initiative. It is the biggest school modernisation program in the nation's history and interestingly when people talk about the near-term future and whether we will continue to march forward a lot of the stimulus is still coming through. In my own electorate a number of school projects have started but others are yet to come through. So out of that \$42 billion nation building stimulus plan, 70 per cent of which is infrastructure, a lot of that is still to come through so there's more I suppose good news in terms of economic stimulus yet to come through the system.

**TRIOLI:** Craig Emerson we were hearing just before Peter Garrett admit to the environmental cost of the \$50 billion Gorgon gas project. In your view is there simply just an environmental penalty that has to be paid if you want to enjoy very wealth-making projects such as Gorgon in this country?

**EMERSON:** Well it's not only wealth making, if we stick to the environmental considerations ...

**TRIOLI:** But there's clearly a cost to be paid as well for that.

**EMERSON:** And benefits. Environmental benefits.

**TRIOLI:** And that's what I'm asking you.

**EMERSON:** But I'm saying ...

**TRIOLI:** If you weigh it up for me how does it go?

**EMERSON:** And I'm saying obviously there are clear economic benefits but other people care a lot more about the environmental balance. And this is a fossil fuel. Liquefied natural gas is a fossil fuel. But, in Asia and that's where it's being exported to, to China and other countries, it will displace coal-fired power stations and a lot of that coal that's going into those power stations is incredibly emissions intensive so the net balance on the environment if we truly do take a global view of this - and surely we must, that climate change is a global issue - then you get a very clear net positive for the environment and a clear net positive for the Australian economy.

**TRIOLI:** So your view is you've just got to stand right back from this so we get...

**EMERSON:** No I'm saying it's a global issue.

**TRIOLI:** No but in order to take that global picture. In order to say, okay, so there are emissions there but we'll be reducing them all the way over there?

**EMERSON:** That's how it should be considered. In terms of global ..

**TRIOLI:** It's a very long-term view.

**EMERSON:** No no. It's a very wide view. A wide view of the world. Now every environmentalist and everyone including me will tell you that climate change is a global issue. If we reduce global emissions, that's got to be a tick for the Gorgon project and for everyone who's supported it including the proponents.

**O'BRIEN:** And if you are so concerned about the environmental impacts why not put the plant on the coast rather than on an island where there are apparently endangered species which will be affected?

**EMERSON:** Well it would've substantially affected the viability of it and if the proposal is '*we support it but just stick it somewhere else*'. I mean this is a proposal that's been developed and works in all engineering terms, where it is on Barrow Island. Now I remember when I used to work in the Hawke Government, working on a rent tax regime for Barrow Island oil. There is oil production going on now on Barrow Island so if your viewers have a kind of an image of Barrow Island as an untouched place there's oil wells on Barrow Island. Now that doesn't mean we should be anything but careful about the environmental impacts than we have been and that's why Peter Garrett has announced something like 28 different conditions that need to be complied with by the proponents.

**TRIOLI:** Craig Emerson good to see you this morning. Thanks for joining us on the program.

**EMERSON:** Thanks very much.

Ends.