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Sky News AM Agenda

David Speers with Dr Craig Emerson and Sophie Mirabella MP

Subjects: Recession, Emissions Trading Scheme, Joel Fitzgibbon.

SPEERS: Welcome back to AM Agenda. We have heard from the Treasurer, we have heard from the Shadow Treasurer, now let's see if we can breach some of those political divides with our panel here this morning. We have Labor's Craig Emerson, the Minister for Small Business, welcome.

EMERSON: Thank you very much.

SPEERS: And the Liberals' Sophie Mirabella, the Shadow Minister for Early Childhood Education and Childcare. Thanks both for joining us. Let's start with the recession we didn't have to have, as it seems. Let's see what we can agree on. This is a good figure. We're all happy with the economy growing rather than going backwards.

MIRABELLA: Yeah, we're very grateful to our exporters, absolutely.

SPEERS: Okay well this is where it gets interesting: 'we're grateful to our exporters'.

EMERSON: It's a bit mealy mouthed isn't it?

MIRABELLA: No ...

SPEERS: Sophie is right. It was exporters that largely kept us in positive territory.

EMERSON: Exports, net exports were a big contributor, but importantly ...

SPEERS: The biggest contributor ...

EMERSON: Indeed, but importantly consumer spending was a positive contributor at a time when around the rest of the world, the advanced countries of the world, it has been contracting. Retail sales are a big slab of

consumer spending. A 4.8 per cent increase in retail sales in Australia since November and a more than 1 per cent contraction in the other advanced countries of the world. So consumers are helping out here, and obviously the Government stimulus package is helping consumers.

SPEERS: Well, consumers are more buoyant here than around the world. Sophie why do you think that is?

MIRABELLA: Well, let's look at the figures though. If we didn't have the 2.2 per cent export figures we wouldn't have the positive result that we do have of the modest growth. So let's be up front with that. And let's also remember that we should be doing extremely well. This Government inherited a very healthy economy. In fact, they told us it was growing too fast and they wanted to slow it down. Well they have succeeded with that.

EMERSON: There's this little matter of a global recession.

MIRABELLA: You talked it down though.

SPEERS: Let's get back to the question. Just on this question: why do you think consumers in Australia are a lot more ready to spend than those around the world?

MIRABELLA: Well our economy was in a much better position. Our economy was definitely in a much better position. And the real question is not the debt position with this quarter but the debt over the next quarter of a century, and we need to look not just at narrow definitions but to look at the debt for the next quarter of a century and the impact that is now happening on the ground to real people, to real families. Why are young kids finding it difficult to get jobs? Why are people losing their jobs? Why are others having their hours cut? These are the real human impacts of the economy slowing down and this is what we need to be focused on – jobs, jobs, jobs and the impact of a loss of jobs and what that will have.

SPEERS: But on the Government's stimulus payments, the first of which did fall within this first quarter that we're talking about here, why can't the Opposition give any credit to the Government for that? Don't people like to hear a bit of bipartisan support?

MIRABELLA: Of course people like to see bipartisan support but they also expect Oppositions to keep the Government fair dinkum about what they're doing. Now remember the Government said their stimulus package, firstly they said it was going to create, was it 70 or 75,000 jobs? Then they changed the rhetoric and said the package was only going to support jobs. So the Government itself didn't say they were going to create a single job. So that's a bit extraordinary to expect the Opposition to say so when the Government hasn't.

SPEERS: Well was the Government shooting in the dark, at least a little there Craig?

EMERSON: Well clearly consumers have responded to the stimulus packages and yesterday, in a moment of candour, Joe Hockey conceded that point. He said of course there are jobs, it's a no brainer that there are jobs. So, Sophie you better have a chat to Joe. Joe's telling the truth. The fact is, the stimulus packages have supported consumers and have supported consumer confidence and that's very, very important in these times.

And you know, just time and time again, we've heard from Sophie again now, they just can't bring themselves to say look, it has been useful, it has been worthwhile to have that stimulus money.

MIRABELLA: Craig, at what cost?

EMERSON: I just watched Joe on your program, Joe Hockey, and you asked him, I thought, a very good question. You said: well what would've happened if the Coalition's policies had applied, would we still be in positive territory? And his answer was: we don't know. In other words they had a set of policies or alternative policies, a smaller stimulus, and Joe Hockey on your program was saying: we don't know whether those policies would've resulted in Australia having a negative quarter of growth instead of a positive quarter of growth. That's pretty irresponsible stuff.

SPEERS: In defence of the Coalition I suppose they could argue they're not in government, they don't know what the economic situation would've been like because of a raft of decisions ...

EMERSON: But it's pretty irresponsible isn't it to say: well you shouldn't have spent that stimulus money, when in fact, we know from Treasury estimates that without the stimulus money and the Budget there'd be 210,000 extra Australians out of work? And these people are all human beings. You know, they've got families and so on. So, what I'm saying is that the Coalition continually talks the economy down. They can't bring themselves to say, well this is good, not only on the export side, but on the consumption side. That is positive news but we're not out of the woods yet. There is a big issue with investment and we can go on to talk about that in terms of what the Government should be and is doing about stimulus and investment.

SPEERS: All right, let's get Sophie's response to that.

MIRABELLA: Craig's raised a number of issues. No we're not out of the woods and I don't think Kevin Rudd even with a seeing-eye dog could get us out of the woods, quite frankly. I mean you talk about the Coalition not being able to give estimates. Let's be fair dinkum. You guys keep changing the estimates of unemployment and debt from month to month. I mean it's quite extraordinary. You came to office; you said the economy was overheated. You talked up the need to dampen the economy and you certainly

EMERSON: See if you can say something positive, just before we go.

MIRABELLA: Craig mate, come on, be fair. That's exactly what happened. And we're looking at an extremely modest increase in household expenditure, 0.3 per cent. And we're looking at a 2.2 per cent increase ...

EMERSON: 0.4 actually.

MIRABELLA: ... in exports. The question needs to be asked, was the debt incurred to provide all that money for the cash hand-outs worth the interest payments in the long term? The cut in services: the cut to Youth Allowance, the cut to the Medicare safety net, the cut to all those essential services? Is that, in the long term, worth the very modest, less than half per cent increase, in household expenditure, when exports have really, and you've got to be man enough Craig to say, it is exports that have ...

EMERSON: I know it's exports ...

MIRABELLA: Good; I'm pleased. We've reached common ground, David.

EMERSON: I know it's exports that are important in this, now if you would just say something positive in the interview.

MIRABELLA: I have.

SPEERS: But on this point here of suggesting the Opposition's always being negative ...

EMERSON: They are; they talk the economy down.

SPEERS: Why is it okay for the Government to talk about wrecking balls and economic tsunamis, the worst recession in 75 years, why is that okay?

EMERSON: It's good question; because it is the worst recession. It is the worst global recession in 75 years. We have informed the Australian people about the enormity of the challenges that this country is facing. When the rest of the world is going backwards, we are still in positive territory but some of the points that Sophie made do raise this question.

SPEERS: Where has the Opposition talked down the economy? Where has it done that?

EMERSON: Oh well, they have said that not one job is being supported. Not one job is being created. All this debt is just, it's a completely futile exercise. It's all been, you know, we've had Barnaby Joyce saying it's all going to be up against the wall. Look, I could give you a half an hour of examples of the Coalition talking the economy down and then saying look this debt is really bad.

SPEERS: But that's criticising your political approach to this economic problem, not the economy itself.

EMERSON: Because they don't support the investment in infrastructure. Seventy per cent of the stimulus package is investment in infrastructure and the reason that the growth figures weren't stronger is that there is a negative sign, and quite a big one, in front of investment. So what do we do about that? We have a small business and general business tax break, criticised by the Coalition incidentally, but supported very strongly by the small business community, by the car manufacturers today, saying it's really making a difference to car sales in this country. Now, that 70 per cent of investment in infrastructure will help turn around that negative sign on investment over time which will strengthen the whole economy. But what we need to do now is be confident and not talk the economy down. Small businesses say to me time after time, why do people talk the economy down; we'd be okay if we have some confidence.

MIRABELLA: David, you've got to ask the question, why did Kevin Rudd use the language of war in that very B grade version of some Churchillian mock-up, talking about the economic tsunami, when we know the recession in the 90s was much worse? We had unemployment ...

EMERSON: The global recession is the worst in 75 years.

MIRABELLA: Craig mate, give us a go. I didn't interrupt you. When unemployment was over 10 per cent for three years, when we had five quarters of negative growth, it was in fact, let's not spin this around 180 degrees, it was Mr Rudd who used this language of war to be tough, to be manly, to look like the big decision maker in tough economic times. So he's the one who's actually created this environment and talked the economy down, Craig.

EMERSON: You're assuming away the global recession again, the worst in 75 years.

SPEERS: Let's move on. I think we've dismally failed to reach bipartisan agreement on the economy let's see if we can ...

MIRABELLA: We agree on exports though.

EMERSON: I'm just waiting for the one positive comment from Sophie.

SPEERS: Let's see if we can find some common ground on another issue, but I'm not hopeful - emissions trading. Now this is coming up for a vote pretty soon. I think in the next half hour or so in the lower house and it will go through because the Government has the numbers. Now, this was debated until late last night. I was asking Joe Hockey about whether there is still any room for compromise. He was saying 'the Government's not talking to us, the Government's not talking to us'. But you're talking to each other, here now. Where do you differ? At the end of the day a lot of people would say: there's really not that much apart from politics between you.

MIRABELLA: Well we want, we don't want to go into this blind. We don't want to unnecessarily be arrogant enough to think that we can set the pace and pre-empt what the rest of the world and what the US will do. We're saying to the Government, you have our support to go with certain targets to Copenhagen, but don't jump the gun. Don't think that the rest of the world is going to follow us, go and be part of a world solution.

SPEERS: So, what's wrong with that?

EMERSON: Well, when this goes to the Senate, the difference is that the Coalition will vote no and we will vote yes.

SPEERS: Yes, but what's wrong with waiting until Copenhagen?

EMERSON: We have said consistently that we need to show some leadership here, as Australians, that will help strengthen any outcome in Copenhagen and importantly we've said in relation to ...

SPEERS: But you have the support on the targets, you can go there and say we have bipartisan support for these targets.

EMERSON: Importantly, we've said that targets would be conditional, that 25 per cent would be conditional on a successful outcome in Copenhagen, a very strong, binding international agreement. We can't just keep delaying. The Coalition's mantra on this is: why put off till tomorrow what you can put off forever. They can't get this through their own party room. Malcolm Turnbull, I think, has some attraction to an emissions trading scheme but more than half of his party room, and certainly of the joint party room, is opposed. The Nationals are opposed, they called it an employment termination scheme. It would split the Coalition and that's why they won't support it.

SPEERS: Well apart from the politics let's get back to the policy and the argument I think is also a fair one isn't it Sophie that, why should China, developing countries, do anything at Copenhagen, if countries like Australia, rich developed countries, can't go in there with anything on the table either?

MIRABELLA: Well it is going in with something on the table, the ability to say: yes, we will be part of a global campaign, a global direction. And I think in, and for someone like Kevin ...

SPEERS: But having taken no concrete steps itself.

MIRABELLA: We have. We've actually been far more successful than other countries in reaching emissions targets so we do have something and we do have a record to go on, and I think having that co-operative approach from a diplomatic perspective would've been something that appealed to a former professional diplomat like Kevin Rudd. But you know, obviously and sadly, there are other political issues at play instead of going and contributing in a real way to a global solution.

SPEERS: What if there was a piece of legislation that said: here are the targets, forget this scheme we'll work that out next year, but here are the targets. Would you both agree to that and take that to Copenhagen?

EMERSON: We agree with our legislation which is being put into the Senate as soon as it goes through the House of Representatives ...

SPEERS: Which is a scheme that they don't agree with.

EMERSON: Exactly. And you know what their response is?

SPEERS: But why not the target? Why not just say, look let's hold hands on the target and go to Copenhagen and get this through?

EMERSON: Their response is ... I'll tell you the answer to that. Their response is no: what we want to do is send it off to the Productivity Commission for an inquiry. That would be the seventh inquiry. And it's just clear. And you'll say: oh well, it's the difference between politics and the policy. The politics of the Coalition is driving this. They cannot, Malcolm Turnbull cannot support any scheme because Barnaby Joyce, leading the Queensland Nationals, leading the Nationals more generally, will split, will split from the Coalition and disunity is death. Malcolm Turnbull knows that so his own personal political interests are being put on top of the national interest and that's why they cannot and will not support an emissions trading scheme.

MIRABELLA: Craig has said nothing about any positive move that we can make in actually reducing emissions in the environment. Everything you spoke about Craig was about the Coalition, the Coalition, differences in the Coalition.

EMERSON: We're doing stacks: clean coal technology, green funds ...

MIRABELLA: Because, let's face it, that is what is behind the Government currently pushing the legislation...

EMERSON: Coalition disunity.

MIRABELLA: It's not, it's trying to make cheap political points.

EMERSON: Just vote for it.

MIRABELLA: You have our bipartisan support mate ...

EMERSON: Well vote for it.

MIRABELLA: ... to take targets to Copenhagen. You know that ...

SPEERS: Sophie, you have to concede there are some pretty fundamental differences when you have Barnaby Joyce and Ron Boswell saying we're

never going to support an emissions trading scheme. And Malcolm Turnbull saying we are.

MIRABELLA: Well we have a very robust party room.

EMERSON: And a divided one.

MIRABELLA: No not, look, just because the Government keeps a tight control on its backbenchers and on its Ministers and everything is spun through the professional spin masters, we actually do have freedom of speech and debate particularly on these important issues and prolonged debate. And you know what Craig, I think that's a great thing. I think that's a very good thing.

EMERSON: That's fine, debate is good. But Malcolm Turnbull knows he will split the Coalition.

SPEERS: Let Sophie finish.

MIRABELLA: The sad thing is, I wish that Kevin Rudd had the same control over his Defence Minister that he has on everything else the rest of you guys say because ...

EMERSON: We'll all vote for the Carbon Pollution Reduction Scheme: half of you will and the other half won't that's the problem.

MIRABELLA: ... because we've got a situation now where Joel Fitzgibbon, like some two pot African country is telling, his office is telling defence generals to go to meetings with his brother.

SPEERS: Just very quickly should Joel Fitzgibbon stay or go?

EMERSON: He should stay.

SPEERS: Okay, we're out of time. Look we'll leave it there. We didn't reach a lot of bipartisan agreement on anything. But we'll give it another crack another time. Craig Emerson, Sophie Mirabella thank you both very much for joining us.

EMERSON: Thanks David. Thanks Sophie.