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DEREGULATION

Transcript

A BC Lateline with Leigh Sales and George Brandis
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LEIGH SALES, PRESENTER: Against the expectations of many economists, Australia managed to avoid falling into a technical recession this week. But just as the PM and his Treasurer were claiming a large slice of the credit, the Rudd rollercoaster took a downward plunge. The Government's accident-prone Defence Minister Joel Fitzgibbon was forced to resign for breaching the ministerial code of conduct and became Malcolm Turnbull's first Labor scalp. He's been replaced by one of the Government's most experienced hands, Senator John Faulkner, who takes over a portfolio that has sunk any number of political careers.

Joining us from Brisbane to discuss the week in politics is Small Business Minister Craig Emerson and Shadow Attorney-General Senator George Brandis.

Welcome to both of you.

CRAIG EMERSON, SMALL BUSINESS MINISTER: Thanks, Leigh.

GEORGE BRANDIS, SHADOW ATTORNEY-GENERAL: Good evening, Leigh. Good evening, Craig.

CRAIG EMERSON: Hi, George.

LEIGH SALES: Craig Emerson, has John Faulkner taken on a poisoned chalice in becoming Defence Minister?

CRAIG EMERSON: Well there's no doubt the modern history of Australia would suggest that it's a very challenging portfolio, but John Faulkner is well and truly up to that challenge. He's an incredibly hard-working man, very careful, assiduous, and I think carries a lot of authority. And Defence departmental officials and the armed forces more generally will have enormous regard for the authority and the diligence that John Faulkner displays.

LEIGH SALES: Why do you think it is such a challenging portfolio, as you say? Is it something to do with the culture of the Defence Department or the military?

CRAIG EMERSON: I'm not sure - yeah. I'm not sure about culture. It's spread out geographically. There are three different armed forces, there's a department, there's lots of different agencies. So I suppose - and some of those agencies have probably evolved over time, at least in part, in isolation from others. So, compared with other more conventional government departments where, overwhelmingly, for example, they might all be housed in one building in one city, namely Canberra, Defence is, you know, much more widely spread. And I think that's just one of the geographic realities and that means it is more difficult to manage. And there's no doubt that Defence ministers, irrespective of what political party's in power, have found that very challenging indeed.

LEIGH SALES: George Brandis, do you think that John Faulkner will do a better job than Joel Fitzgibbon?

GEORGE BRANDIS: Well, I think there's no doubt that Senator Faulkner, who I know very well, is an able man. But I suppose the question that Mr Rudd and the Government have to answer for is why for so long the Defence Ministry was left in the hands of somebody who was plainly not a very able man. Now, Joel Fitzgibbon is a perfectly nice fellow, there's no doubt about that. But there was issue after issue after issue about this Minister, and the Opposition was warning as long ago as September last year that this man was not up to the job. There was the serial failure to disclose gifts and benefits that were - should've been disclosed and weren't. It just wasn't one episode, it was three or four. There was the appalling scandal of the SAS not being paid and then - and the explanation for that then being a misleading explanation to the media. And then there were these paranoid claims that the Minister was being spied on from - by - within the Defence Department itself. Now, the Opposition

CRAIG EMERSON: Well that was in the media, George.

GEORGE BRANDIS: Well, can I just finish? The Opposition has been saying for more than six months that this Minister was not up to the job. At last, at last, yesterday, the Prime Minister acknowledged that that was so. And the question I'd like to hear answered is why for at least nine months, a man who was plainly not up to the job was left in this critical portfolio at a time when Australian troops are in fact deployed overseas in combat positions.

LEIGH SALES: Craig Emerson, would you like to answer that?

CRAIG EMERSON: Well, obviously, Joel had been sloppy by his own standards and he admitted that. It was one indiscretion too many. But George has sort of rolled in a whole lot of other incidents there which are not related to Joel himself, saying paranoid media reporting, well, I don't see that Joel Fitzgibbon is responsible for that. That was actually the media suggesting that Defence in some way was spying on him. The necessary steps were taken.

Reports were prepared after inquiries were conducted and they've been released this week. I don't see how that's a reflection on Joel Fitzgibbon as a man or as a Defence Minister.

GEORGE BRANDIS: Well, I think we all know, Craig, that ...

LEIGH SALES: Craig Emerson, do you believe - sorry, can I just pick up - if I can just pick up on that there, Mr Brandis. Craig Emerson, do you believe, as Joel Fitzgibbon says, that there were two or three Judases out to get him?

CRAIG EMERSON: Well, it's impossible for me to say, and obviously Joel is upset and distressed. And we're all human beings and I can certainly understand how upset he would be. I can't account for Joel's sentiments there. He would know, or he's in a better position to know what's going on in his own office. I would have frankly no idea and I'd be making it up as I go along if I tried to give an answer that went any further to that.

LEIGH SALES: George Brandis, what did you make of that?

GEORGE BRANDIS: Well, I thought it was an extraordinary thing to say. And I allow for the fact that, as Craig says, that Mr Fitzgibbon was understandably very emotional yesterday afternoon. But, it really is this - very typical of the culture of this Government that it's always somebody else's fault. Now, what is peculiar about this case is that the blame that was being alleged - and I might say, I think scriptural references are best avoided in these circumstances - but what Mr Fitzgibbon was alleging was that the person who blew the whistle on him - if indeed that's the case - was doing something wrong. Here is a Minister for Defence who, after a serious chapter of ministerial accidents stretching over nine months, eventually exhausts the Prime Minister's patience. The Prime Minister, months long after he should've done so, gets rid of the Minister and the Minister blames somebody else!

LEIGH SALES: Alright. We've gone through that. OK. Joel Fitzgibbon - sorry, George Brandis, Joel Fitzgibbon has been considered the weakest link on the Labor frontbench for some time now and he is obviously now gone. Who do you name as the weakest link now?

GEORGE BRANDIS: Boy, have you got all evening, Leigh? I mean, there are many, many ministers who are weak ministers, and I don't think I am going to indulge you by naming any particular targets. But, you know, there is a broader problem here and that is the Government is a weak Government. The reason the Government is a weak Government, as we can see, is that because it is serially responsible for the most catastrophic policy decisions, and particularly in dealing with the so-called global financial crisis. It has mishandled decision after decision after decision, and as a result, within 18 months, has saddled the country with a mountain of debt which it will take a generation to pay off. So, you know, I think there is such a thing as corporate Cabinet responsibility. And you might think of Senator Kim Carr or Senator Stephen Conroy whom I see across the floor of the Senate every day as being particularly weak ministers, but that's not the point. The Government is

a weak Government because it makes weak decisions and flies into panic mode whenever there is a crisis.

LEIGH SALES: Craig Emerson?

CRAIG EMERSON: Well that's just all political bumph. I mean, there's no doubt that the public perceives correctly that this is a very strong and decisive Government, and the fact is George and his colleagues are very disappointed about the economic growth figures that came out this week. He says, "Oh, all this money was spent for nothing." What? 210,000 jobs saved as a result of the stimulus package, 70 per cent of which is going on nation-building infrastructure. Now, the problem is that the Coalition's really disappointed with those economic growth figures, with the optimism that's been shown by business organisations, small business groups around Australia. Yet again, George and his colleagues are trying to talk the economy down for their own base political purposes while we're trying to build it up, invest in the future and provide that short-term stimulus through sound investment in infrastructure.

LEIGH SALES: Craig Emerson, George Brandis raised earlier the issue of debt and the size of the debt. I'm wondering as you travel about your own electorate whether or not you're hearing genuine concerns about debt?

CRAIG EMERSON: What I am hearing is people are pretty keen on this investment in infrastructure. The fact that 70 per cent of the stimulus packages is being spent on infrastructure - and it's very local, Leigh. People are already seeing the beginnings of the biggest school modernisation program in Australia's history, and by around this time next year, there'll be 35,000 construction sites around Australia. So they see the tangible results of in fact strong leadership from Kevin Rudd and the team. They see this investment and they understand that it makes sense, particularly during an economic downturn, for government to step in, invest in schools, invest in local council works, invest in community infrastructure to protect jobs now while laying the basis for a recovery and future productivity growth for the long-term.

LEIGH SALES: Senator Brandis, when you're out and about, what are you hearing people tell you about the size of the debt that has been accumulated?

GEORGE BRANDIS: Well, I think if Craig doesn't hear people expressing concern about the \$315 billion worth of debt, then I don't know where he's been, frankly, because it's the talk of the nation. As you and I both know, Leigh, everybody ...

CRAIG EMERSON: It's the talk of the Liberal Party, George.

GEORGE BRANDIS: Everybody - well, if you think that this is only talk within the Liberal Party, Craig, I think you're very badly out of touch.

Now let's put this in context. The Government in 18 months has accumulated public debt of \$315 billion. They came into office and they had the best set of

books in the Western world. No government debt and \$50 billion of national savings in the Future Fund. In 18 months, they've turned that around so that now their debt projections are that debt will peak at \$315 billion. Now two quick points about that, Leigh. First of all, the Government says, on their own figures, the debt won't be repaid until 2022. That's 13 years away, way behind the political horizon. But secondly, it will only be \$315 billion of debt. If every optimistic assumption the Government makes about future economic growth and about discipline in government spending turns out to be so, in fact, as we ...

LEIGH SALES: OK, but Senator Brandis, if I can ask though, if we talk about the here and now - I know you're casting forward - but in terms of the here and now, most commentators agreed this week that the Rudd Government deserved at least some of the credit for keeping Australia out of recession at the moment through its economic management. You'd have to give credit where credit's due, wouldn't you?

GEORGE BRANDIS: Well, I always give credit where credit's due ...

CRAIG EMERSON: Don't hold your breath.

GEORGE BRANDIS: I always give credit where credit is due, as Craig knows, but I don't give any credit for a Government that crows about dodging an economic bullet because in the March quarter there was a 0.4 growth figure recorded at a time, at a time when that was entirely attributable to a change in the terms of trade and an increase in net exports. Now, the reason that that figure was ...

CRAIG EMERSON: Not true.

GEORGE BRANDIS: That is true, Craig. And the reason that figure is as it was, was because of a change in the terms of trade because of economic circumstances in our customer markets over which the Australian Government had no influence. And can I point out ...

LEIGH SALES: Alright, let's bring in - let's bring in - let's bring in Craig Emerson there, just to get his take on those figures.

CRAIG EMERSON: Can I explain - yeah. Can I explain the actual facts of the situation? Consumer spending, which is about 65 per cent of the economy, grew in Australia in that three-month period. In every other country, it contracted. Now, what that meant is that there's one country, Leigh - and I say this to your viewers: there's one advanced country in the world other than Australia that is growing, making up two countries in the world. Now George thinks that this is something to do with good luck, the terms of trade. We've had a massive reduction in our commodity export prices ...

GEORGE BRANDIS: It is due to the terms of trade. You know that. The terms of trade have changed.

CRAIG EMERSON: \$210 billion has been slashed off Commonwealth Government revenue. What are we supposed to do when \$210 billion is slashed off Commonwealth Government revenue because of the collapsing commodity prices? George says do nothing, step back, do nothing. By intervening, by stimulating, we actually created - helped create - helped create positive growth in that quarter. There's only two advanced countries in the world that are growing at the moment and we're one of them and I reckon that Australians are pretty happy about that.

LEIGH SALES: Alright. Craig Emerson, Craig Emerson - Craig Emerson, let me ask you: during the past month we've seen the Rudd Government's polling soften slightly. You've now lost a minister. Have we seen the high watermark of the Rudd Government?

CRAIG EMERSON: Well, who would be able to predict what's going to happen next Tuesday or the Tuesday after in polls? I think what the Australian people understand is that this is a Government that was prepared and is prepared to act in the national interest, to be strong in its leadership, to support the economy, to support small business, to support investment in infrastructure. And I know, and we know, and we said a long time ago, when it was clear that this global recession was building and rolling towards Australia, that we would feel some of the effects of that in this country, and incidentally, politically, that would have some effect. But, the worst thing that we could've done is just said, "Alright, well we'll sit back and wait for it all to happen." We got in there, we acted. We're not out of the woods yet. There's a long way to go. But there are grounds for being optimistic about this. We're talking the economy up, and unfortunately, Malcolm Turnbull and the Liberals are talking it down.

LEIGH SALES: Alright. OK. Senator Brandis, with the polls and the Fitzgibbon travails this week, your side really should've been punching the air, instead you were having a punch-up in your own party room. When is the Coalition going to unite behind Malcolm Turnbull?

GEORGE BRANDIS: The Coalition is completely united behind Malcolm Turnbull. Malcolm Turnbull has put in a very, very strong performance ever since he's been the leader, and the policy positions he's taken, the strong, and sometimes, in the short-term, unpopular positions he has taken have been unanimously supported by the party room and have been vindicated by the events that have gone by. So, you know, there is no issue here.

As to the polls themselves, I don't talk about the polls. All I know is - and am very confident - is that gradually people are - it is dawning on the Australian people that Kevin Rudd is very much less than he promised to be when they elected him in 2007.

LEIGH SALES: Gentlemen, we are out of time. Thank you very much for coming in, Craig Emerson and George Brandis.

CRAIG EMERSON: OK, thanks, Leigh.

GEORGE BRANDIS: Thanks, Leigh. Goodnight, Craig.