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Transcript  
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With Joe O'Brien and Virginia Trioli

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***Subjects: Budget, Abbott comments on CPRS, unions call for national inquiry on casualisation of workforce.***

TRIOLI: Well the Finance Minister has signalled a succession of tight budgets to restore financial strength in Australia.

O'BRIEN: Speaking at the National Press Club in Canberra Lindsay Tanner said there'd be no loose purse strings or pre-election giveaways. Let's get more on that from the Small Business Minister Craig Emerson who joins us now from Canberra. Craig Emerson good morning.

EMERSON: Good morning to you Joe.

O'BRIEN: Now this election campaign is going to be pretty dull if you've got no money to fund announcements?

EMERSON: Well it's really which party is most committed to governing, I guess, in the national interest. I can draw a parallel. Back in 1987 when I was around working in the Hawke Government, very substantial budget cuts were made in the May statement in 1987 and we went to an election on the back of that. It involved very heavy budget cuts. There wasn't really money to spend in that election campaign and it was really about who was best positioned and best able to manage the economy and to govern in the national interest in other areas such as climate change and the environment, more generally small business and a range of issues that are of concern to the general public.

O'BRIEN: We've heard over and over how huge the deficit will be over the next seven years. Frontier economics has found this amended ETS will now lead to even bigger budget deficits. How can Australia afford this?

EMERSON: Well I wouldn't be backing Frontier Economics in the races on the weekend if I were you Joe. They've put a proposal that Treasury tore apart basically because their costings were so badly flawed. In terms of the Treasury costings the arrangements that were achieved with the Coalition add only around three quarters of a billion dollars to the budget bottom line over the entire period to 2020. So that's a very modest impost on the budget and it's worth doing because this is such a big change. If we don't make it then the impacts on the budget and Australian economic growth more generally will be much much more severe than that.

O'BRIEN: Now you've got concerns over the Coalition's stance on the ETS if it were to win the next election?

EMERSON: Well I just hope that the Coalition doesn't pull a WorkChoices on the Australian people. Yesterday Tony Abbott said that if the Coalition were to win the next election then they would make real changes to the CPRS. Now that's a revelation to us. He's probably done that in a moment of candour. There's probably the general expectation within the leadership that they would change the CPRS. That's what Tony Abbott is saying. He's let the cat out of the bag on that one. But the point I'm making with WorkChoices is that ahead of the 2004 election John Howard did not utter or whisper the word WorkChoices or anything like it. Now if the Coalition are going to go to the next election knowing that they are going to fundamentally change the CPRS they must tell the Australian people and I think that will be heartbreaking to the business community amongst others because the business community wants certainty not a reworking of the CPRS by the Coalition. If they're going to do that that's very disappointing but they have an obligation to be honest with the Australian people about it and tell the Australian people before the election how they are going to change it.

O'BRIEN: But the CPRS is going to be a work in progress for several years anyway?

EMERSON: Well we've worked on this CPRS for two years. We've put an enormous amount of effort and thought into it and so we are presenting the Australian people with the CPRS as agreed by the Coalition. That's our position. That's what we're going to the Australian people with. What is the Coalition going to the Australian people with on the CPRS? One thing we know for sure is that they are going to substantially change it and they now have an obligation to the Australian people ahead of the election to explain how they're going to change it.

O'BRIEN: But the targets are changeable as well. We've heard this morning that Barack Obama is likely to commit to a 17 per cent reduction in greenhouse gas emissions by 2020. Is Australia now obliged to meet that target?

EMERSON: We have at least now bipartisan support on the targets and that was in fact the case before the agreement was reached on the CPRS with Malcolm Turnbull. They are conditional targets, that is a five per cent reduction by 2020 if there is no effective binding international agreement and reductions of up to 25 per cent if there were truly effective binding international agreements. So we've already got that flexibility built into the system, into the targets. But it's a very different proposition Joe when the Coalition is saying that they could substantially or even fundamentally change the design of the CPRS if they win the next election. They need to tell the Australian people how they would make those changes and what it would mean for them.

O'BRIEN: Now we'll just take a look at the effects of the global financial crisis on the Australian workforce and the union movement is particularly concerned that there are two classes of employed that are developing – the full timers and the casual workforce that don't get paid holidays and get the other benefits. They're calling for a national inquiry saying it's an extremely disturbing trend. Will you agree to a national inquiry on this?

EMERSON: Casualisation, in some sense is unfortunately, not a new phenomenon in Australia. It's been going on since the 1980s. For some people casual work is what they prefer...

O'BRIEN: For some people it's what they've been forced into...

EMERSON: I was about to say that. For others they don't have a choice so they have to take casual work or no work at all. I'll add to this though that during the global financial crisis Australian businesses, especially small businesses and working people have shown the flexibility that we were told would not be available under our Fair Work Act and have actually reduced their hours of work in order to keep in work. Now I think overall while it's not desirable, it's better than losing your job. What I'm saying Joe is that casualisation has been going on for a very long period of time. There has been a downward adjustment in working hours during the global financial crisis. My view for what it's worth is that as we move through to the recovery stage – and that won't be smooth sharply rising road - then hours of work will increase because that's why the employers kept these people on. They value them and didn't want to lose them. They will increase their hours over time as we move into the recovery phase.

O'BRIEN: So no need for a national inquiry?

EMERSON: Well I think we've been around the mulberry bush on casualisation for a very long time. It's hard, it's impossible to legislate to say that employers cannot engage people on a casual basis. How on earth could you possibly do that when as I say one group of employees wants to be engaged on a casual basis? Let's concentrate on getting the economic settings right which we've been doing from day one and getting people's hours of work back up to where they were and even beyond as we go through the recovery phase.

O'BRIEN: Okay Craig Emerson thanks very much for that and enjoy the last couple of days of Parliament for this year.

EMERSON: Okay will do. Thanks very much Joe.

ENDS.