



HON CRAIG EMERSON MP
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER ASSISTING THE FINANCE MINISTER ON DEREGULATION
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS

Doorstop
Opposition Leader's Courtyard

6 September 2009

E & OE

SUBJECTS: *Economic stimulus, Greens push for stimulus inquiry, bank salaries, Bradfield by-election.*

EMERSON: This morning Malcolm Turnbull confirmed that he has no credible support for his plan to withdraw stimulus.

There is a worldwide consensus that this global recession is far from over, and that unemployment will continue to rise overseas and here in Australia.

It would be a reckless plan to withdraw stimulus. He has no support. He is completely isolated on this matter.

The Coalition opposed the stimulus in the first place, now wants to withdraw it. The consequences for working Australians would be horrendous. Two hundred thousand more working Australians would be at risk of losing their jobs under Malcolm Turnbull's plan. That's the Treasury estimate of the benefits of the stimulus.

The Australian economy would be in recession under Malcolm Turnbull's plan whereby he opposed the stimulus and now wants it withdrawn.

From Troy Buswell, the Western Australian Liberal Treasurer, to the Australian Treasury, to the Reserve Bank, to every international institution, they are all saying that ongoing stimulus is needed. And yet Malcolm Turnbull has shown yet again his poor judgement by saying that the stimulus should be withdrawn. This is completely reckless policy.

QUESTION: So you think that the Australian strategy should be that we keep stimulating the economy until it returns to three per cent growth, is that right?

EMERSON: I think that, and the Government thinks, that stimulus is vital. Support for the economy is vital. We must maintain that support. Treasury estimates are that without economic stimulus 200,000 more Australians would be out of work. Already there are projections that the unemployment rate will continue to rise here in Australia and it would be the height of recklessness on the part of Malcolm Turnbull to suggest, and we will never accept this advice, that the stimulus should be withdrawn.

QUESTION: But going back to that question, is the goal now to keep up stimulus until we have a three per cent growth?

EMERSON: The goal is to maintain stimulus for as long as it is necessary to put a support under the Australian economy so that we do not get into a situation of unnecessarily throwing working Australians out of their jobs.

This is yet again poor judgement from Malcolm Turnbull. We do not accept the advice of Malcolm Turnbull. Why? Because he is completely isolated on this issue.

No credible support, no credible support for his plan to withdraw stimulus. He was asked today to identify any credible support and he was unable to do so.

QUESTION: But Mr Emerson, the Australian Government has been talking internationally about the need for an exit strategy even though that strategy would kick in, in the future. Is the reason you're not talking about one domestically simply to score a political point rather than the desirability of engaging in forward planning?

EMERSON: The reason that we are talking about sustaining stimulus is that it is vital during these difficult economic times. We would definitely be in recession if it were not for stimulus. If the stimulus was withdrawn, thousands more Australians would lose their jobs unnecessarily, in some sort of social experiment that Malcolm Turnbull wants to conduct.

They opposed the stimulus in the first place, and now they're saying, pull the rug from under the stimulus and let's see what happens, let's see how many people lose their jobs.

That is reckless, it is irresponsible, and the Government will never accept that advice. We will continue to support Australian jobs. We will continue to support Australian small businesses as long as we need to.

QUESTION: The Australian Greens are now saying that there should be a review of the stimulus and taxpayers may be left with a debt bigger than necessary.

EMERSON: Well, with all due respect to the Australian Greens, I think we'd better stick to the advice of Treasury and the Reserve Bank, the International Monetary Fund, the OECD, the G20, and every other credible source of economic policy advice here in Australia.

The Greens are perfectly entitled to state their view. We don't accept that view. Our view is that stimulus is required on an ongoing basis because we need to underpin economic growth in this country in what is the deepest recession since the Great Depression.

Every other developed country in the world is in recession. Australia, through the stimulus, by going early, going hard, going household, and then supporting that with infrastructure investment spending, has managed to avoid a recession.

What is Malcolm Turnbull doing saying, well, let's see if we go into a recession by pulling out the stimulus, pulling the rug from under the Australian economy? It is the height of recklessness.

QUESTION: Further to Michelle's question, there seems to have been a bit of a change to the sort of global plan in recent days where they're saying that there should be economic stimulus until normal growth is achieved. Is that the new strategy that the Federal Government will be pushing for?

EMERSON: Well, we're a far - we're a long way from the resumption of normal growth. We have managed to avoid a recession. We're one of the - well, in fact the only developed country in the world that has managed to do that. For that we have great support here in Australia and around the world, other than from the Coalition, other than from Malcolm Turnbull who opposed the stimulus in the first place and now wants it withdrawn.

QUESTION: Yes, but Minister, be specific on the question, is the return to normal growth now the trigger for reducing the stimulus or not?

EMERSON: We will continue to monitor the situation, to examine the economic forecasts of Treasury. We will take advice from Treasury and the Reserve Bank, and we will maintain the stimulus for as long as we need to, to protect Australian jobs and protect small businesses.

QUESTION: But that's not what we've agreed to at G20.

EMERSON: Well, I'm saying...

QUESTION: I hear your point...

EMERSON: Yes.

QUESTION: ... of not reducing stimulus now. But we want to know whether the return to normal growth is the trigger that will lead to...

EMERSON: We will continue to review the economic situation in this country. We will continue to review the effects of the stimulus. We will continue to review the strength of the Australian economy and will make a judgement at that time.

At that time but not now.

You see, now is when Malcolm Turnbull wants the stimulus withdrawn.

QUESTION: At which time?

EMERSON: When we make a judgement that it is no longer essential to have the stimulus underpinning the growth of the Australian economy.

And if you look at the global situation - and we cannot be immune from it, have proved that we are not completely immune from the global situation - then that will continue to evolve over time. And there are plenty of people saying that global unemployment will continue to rise. We've seen just in the last couple of days, the unemployment rate in the United States now nudging 10 per cent and expecting to go higher.

QUESTION: But Minister, there's a huge...

EMERSON: So we're not interested in argument about, well, can we withdraw the stimulus next week or the week after. The point is we will sustain the stimulus for as long as is necessary to underpin the economic situation here in Australia to protect jobs and to protect small business.

QUESTION: Minister why is the Australian Government opposed to curbing banking salaries?

EMERSON: Well I saw some references to what was going on in the G20 overnight. What we want to avoid is rewarding recklessness, rewarding reckless behaviour.

Now it could be argued in Australia that we have a strong banking system and that overall it would not be easy to argue that Australian bank lending practices have been reckless. They have been in the United States, they have been in other countries. And through the subprime crisis, that's what led to the global recession we now have; the deepest one since the Great Depression.

QUESTION: Minister, do you at least agree that there's a substantial difference between keeping the rug beneath the economy and then setting the bar a bit higher and trying to achieve three per cent growth through stimulus?

EMERSON: Well what I'm saying is that we will seek to achieve maximum growth over time. Of course we will. But we can't do that with a situation, if we were to take Malcolm Turnbull's advice, of withdrawing the stimulus.

So that's the fundamental point. We can't credibly in Australia get to a situation of supporting growth while at the same time doing what Malcolm Turnbull is saying, and that is withdrawing the stimulus.

We will not withdraw the stimulus prematurely. We will not take Malcolm Turnbull's advice. His advice is reckless. He is isolated. He has not been able to name one credible support - source supporting his plan to withdraw the stimulus.

QUESTION: But Minister, you have also argued or the Government has also argued that monetary and fiscal policy have been working hand in hand on this. There's now clear evidence that going forward they're not going to be working hand in hand, if you're maintaining stimulus and the Reserve Bank is raising interest rates. That's a fair point.

EMERSON: Well the Reserve Bank has cut interest rates from seven and a quarter per cent to three per cent. That is a stimulus. So is the Government's economic stimulus. So is the support that China is providing economic - the support to economic growth that China is providing.

There are several sources of stimulus but it's been proven that they are necessary to get us in a situation where we've avoided a recession.

Now, that should be a good achievement, and it is a good achievement. It is good news for all Australians other than the Coalition who apparently would prefer to see Australia fail than the Government succeed.

We will maintain the stimulus for as long as it is necessary to underpin economic growth, protect jobs and protect small business.

QUESTION: Isn't the logic of that argument that the Reserve Bank is irresponsible to be even thinking of possibly raising interest rates...

EMERSON: I'm not even going to comment about speculation about what might be in the minds of Reserve Bank officials. What they have done is maintained interest rates where they are for some time now; that is, they have judged that it is important to maintain the current monetary policy settings.

That is the judgement that they have made. That is they are saying that it is appropriate to maintain a three per cent cash rate. That is a stimulus to the economy which, combined with the Government's economic stimulus, works hand in glove with the Government's economic stimulus. Add in China as a source of stimulus, and then you get the sorts of results that we got during the week where we have been able to avoid a recession. That's good news for Australian households. It's good news for Australian small businesses.

QUESTION: Treasury doesn't expect economic growth to get back to three per cent until at least 2011. So you're saying stimulus could be going until 2011.

EMERSON: Well, let's see what the forecasts are in MYEFO which comes out later in the year. It's clear, based on market expectations at least, that the Australian economy is doing better than the market felt that it was going - was going to do about a year ago. So let's see what comes out those economic forecasts. They will come out at the normal time. That's how it should be.

QUESTION: Minister, are you expecting Federal Labor to take a hit because of what's going on in New South Wales at the moment?

EMERSON: I was asked about this earlier in the week, and it's my view that there is a very clear capacity on the part of the Australian people to separate federal, state and local government issues, and that they will do.

It was also put to me that the Coalition is going to use the Bradfield by-election to say vote against the Federal Labor Government because of the New South Wales Labor Government. Well if that's all they've got going for them in Bradfield, surely, surely there's an alternative approach to that and that is to put forward positive economic policies, positive social policies. Instead of that, what does Malcolm Turnbull do; he says, let's withdraw the stimulus, let's withdraw the support from under the Australian economy, let's see what happens to unemployment, let's see what happens to small business. That is reckless. He is isolated on this matter. And it speaks for - himself.

The only support that I've seen Malcolm Turnbull enjoy on this is from Joe Hockey. The two of them are advocating the withdrawal of stimulus. No credible authority in Australia, no credible authority overseas agrees with them. It's the height of recklessness and it shows yet again what poor judgement Malcolm Turnbull has.

ENDS