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SERVICE ECONOMY**

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Transcript

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With Leigh Sales

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SALES: It's the anniversary today of Malcolm Turnbull's elevation to the Opposition leadership.

It comes as Kevin Rudd's team continues to wallop the Coalition in the polls and as Question Time grows increasingly rambunctious.

Joining me tonight to discuss the day in politics are the Small Business Minister Emerson and Opposition spokesman Tony Abbott.

EMERSON: Thanks a lot, good to be here.

ABBOTT: Nice to be here, Leigh.

SALES: Tony Abbott you said yesterday if the Parliament continues as it currently is, it will become unworkable. What did you mean by that?

ABBOTT: Well, in the end it's the Government that calls the shots, the Government has the numbers and the problem is that the Government has been abusing Question Time. We've had very long sometimes silly lectures from the Prime Minister. We've had evasive or abusive answers from other ministers, and eventually the Opposition will lose patience with this. You saw some evidence of this earlier in the week. But I have to say Leigh, to its credit the Government did seem to get the message, and at least yesterday for the first half of Question Time, answers returned to a more reasonable length and I hope the Government can keep that up.

SALES: Craig Emerson do you believe that Question Time is functioning as well as it should or could - or it turning into a farce as some commentators are suggesting?

EMERSON: Obviously, from time to time Question Time can be improved but it's not helped by the fact that the Opposition this year alone has raised more than 1000 points of order. Christopher Pyne, the Manager of Opposition Business - 200 of them on his own. So this is a very disruptive tactic. Most of the points of order are not in

fact points of order at all. At best they're frivolous and so that doesn't help.

And Tony himself was ejected from the Parliament after having been asked two or three times by the Speaker not to stand in front of the camera while a minister was speaking. He was ejected and in a debate earlier today that I had with George Brandis he said, "Oh that's because the Speaker is a Labor Speaker." And I said, "Are you suggesting that he was biased", and he said: "Yes."

So, I mean, that's the sort of attitude that the Coalition is displaying here, Leigh. I mean any member of the Parliament who defies the Speaker twice or three times, including being warned should expect to be ejected. And I don't think Tony would have been all that surprised. I don't think you can put it down to the bias of the Speaker.

SALES: Mr Abbott, are the Coalition's own tactics making things worse?

ABBOTT: Well this wouldn't happen if the Government answered questions at reasonable length. Now we've been putting perfectly reasonable questions to Julia Gillard this week about the waste of money in her school-building program. I mean, why for instance is it sensible to spend \$2.5 million to knock down four perfectly serviceable classrooms to put up four more classrooms? It just doesn't make a lot of sense.

Now, if Julia Gillard was sensible she'd say, "Look this doesn't sound like a very smart idea. I'll talk to the State Government and make sure it doesn't happen." But instead of approaching it reasonably, we've had buckets of abuse - a virtual refusal to answer these questions coupled with lies about where Opposition stands on workplace relations policy.

Now if this is what we're going to get from the Opposition - from the Government - the Opposition are going to give a pretty fierce response.

SALES: Well Craig Emerson in Opposition. Let me put to you: in Opposition Julia Gillard called on Howard government ministers to confine their answers to four minutes. Why are you not setting that standard yourself now that you're in Government?

EMERSON: Well it is difficult to confine our answers to any length when there are so many interjections, and on the questioning of Julia Gillard in relation to the school modernisation program, 18 of the 26 questions that have been asked have been based on false premises. And so Julia is not going to accept the word of an Opposition member who comes into the Parliament and makes false claims or at least inaccurate claims about it.

Christopher Pyne said a few weeks ago, in June, that they'd had hundreds of complaints about this. In an article that was printed today, a spokesman for him said 60 complaints. And time and time again when we investigate those complaints they are either misleading or completely false, and even if we accept the number that they're asserting, that is less than one quarter of 1 per cent of all the projects. Now that means that 99.75 per cent of those projects are going ahead, are going ahead

well, employing tradespeople, supporting jobs, supporting small business, on the way to an economic recovery.

ABBOTT: Surely Craig, whatever the ultimate merits of this program might be it doesn't make sense...

SALES: Let's give Mr Abbott a chance to respond.

ABBOTT: It doesn't make sense to give a quarter of a million dollars to school with one student, that's going to close.

EMERSON: Well indeed this is another example of a false claim.

SALES: OK, let's move on.

EMERSON: Julia Gillard explained and you were there Tony, that there will not be money going to a school that's going to close.

SALES: Alright, let's move. There are a number of issues tonight that I would like to get through, so let's move forward. Brendan Nelson gave his farewell speech to Parliament and said the party should reject Kevin Rudd's proposed emissions trading scheme because the party needs to stand for something.

Tony Abbott you said in July although the legislation was flawed the Opposition should pass it to avoid a double dissolution election that it can't win. Is that still your position?

ABBOTT: Well, I would certainly feel much happier voting against the legislation if there was a stronger constituency out there supporting us. Yes, in the end politicians do have to be people of conviction. But we also have to win elections and there's always a tension between those two objectives.

So I would invite all of those business people who want us to oppose the legislation to the death to make their view absolutely crystal clear because at the moment people like myself feel very, very unhappy with the Government's legislation. But I am not sure that that's the message that we're uniformly getting from the wider constituency.

SALES: So it sounds like the answer to my question then is yes, that the Opposition should be pragmatic and still pass the legislation to avoid an election?

ABBOTT: I think we should be perfectly up-front about the flaws in the Government's legislation. But in the end we can't save the country from Opposition. People elected the Rudd Government, rightly or wrongly, and there's a sense in which they have to live with the consequences of that decision.

SALES: As I mentioned before, its anniversary today of Malcolm Turnbull's election to the Coalition leadership. Mr Abbott, how much longer can he continue to lead a team in which a significant proportion of the backbench doesn't support his position on a major issue like climate change?

ABBOTT: Well, Malcolm has obviously had a tough year. Brendon had a tough nine months before then. The Archangel Gabriel could be leading the Opposition at the moment and he would do it tough. The fact is it's not easy to lead a new Opposition with a Government with the stratospheric opinion poll ratings that it currently has.

But Malcolm is certainly the best person to lead us. I think he has learned a lot from this 12 months and I think he will go on to be a better leader and a more successful leader in the months and years ahead.

SALES: OK, let's turn from politics to policy and the major policy announcement of the week so far which the Government's decision to compel Telstra to split its retail arm from its wholesale network.

Craig Emerson, what evidence does the Government have that this decision is going to deliver better service for consumers?

EMERSON: Well more competition is better for consumers. That's been proven time and time again. And Graeme Samuel, the head of the ACCC, said today that this is a policy that should have been implemented by previous governments, Labor and Coalition governments; to separate, to urge or to put sufficient pressure on to achieve the separation of the wholesale and retail arms of Telstra so there can be competitive pressure to bear and the innovation that goes with that.

We accept - I was actually involved in these debates, Leigh, back in 1990 and I thought it was important way back then that these issues be addressed. They weren't. They weren't addressed by the subsequent Howard government. They are being addressed by the Rudd Government.

It will mean greater incentives to innovate and it will mean over time better services and downward pressure on prices to consumers.

SALES: Tony Abbott, the Telstra share price rebounded very nicely today. Does that under-cut the Coalition argument that this decision is going to hurt shareholders?

ABBOTT: Well, let's wait and see what the long-term share price movement is. Certainly yesterday the Government's decision looked pretty rough on the shareholders.

Leigh, I think it's important to study this before we leap to a final conclusion. Certainly it was thought that unscrambling the Telstra egg was too difficult, wasn't going to be worth it. If the Labor Party has found a better way of doing it, let's look at it and give credit where it's due.

I guess the question I ask still, though, is: can you trust a public-sector organisation to give us a good national broadband network and to spend sensibly this \$43 billion without getting the kind of waste that we're seeing in the school building program?

SALES: Tonight, the OECD's issued a report noting that the fiscal stimulus package in Australia has contained the unemployment figure by about up to 1.9 per cent. In

other words, if not for the stimulus package, unemployment would be about 2 per cent higher. Tony Abbott, do you give the Government some credit for that?

ABBOTT: There's no doubt that the stimulus package has helped in the short term. And I think we always said if you put a sugar hit into the economy you would get an immediate response.

But there's no such thing as a free gift from government. And what's happened will have to be paid for. We will be paying the price of the stimulus package for many, many years to come.

SALES: Craig Emerson?

EMERSON: Well, Joe Hockey had a shocking week. He claims the G20 is some sort of left wing conspiracy, he claimed support as Malcolm Turnbull does for the premature withdrawal of the stimulus. Joe Hockey in Parliament today misled... misleading cited Gordon Brown leaving the impression that this was a quote from Gordon Brown which included the withdrawal of the stimulus. It was no such thing.

We are very proud of the work that we are doing through the stimulus package to support jobs. The OECD report is welcome. It is yet another organisation supporting the policies of the Rudd Government; a total of four or five international organisations - and if you add in the business communities and independent agencies such as the Reserve Bank and the Treasury here, you get 13 organisations national and international supporting the maintenance of the stimulus program.

The only people who are arguing for the early withdrawal of it are Tony, Joe Hockey and of course Malcolm Turnbull. They are stuck in the past on broadband network, they are stuck in the past on WorkChoices, they are stuck in the past on their attitude to women, and this from a leader who put himself forward as being a new age guy, a new Liberal, they have just gone back to the past, they've transgressed - regressed.

SALES: Briefly Mr Abbott.

ABBOTT: I will do a deal with you, Craig. I will concede that the stimulus wasn't all bad if you concede that some of the strength that we are currently enjoying is due to the good work of John Howard and Peter Costello.

EMERSON: I will do a deal with you, Tony and I will acknowledge that the stimulus has been one component of the relative success of Australia being the only developed country that is not in recession. The stimulus is one component, the growth of China is another component and a very large reduction in the Reserve Bank cash rate from 7.25 per cent to 3 per cent is another. And the fourth is the enterprise of our small businesses and our large businesses.

SALES: So no credit there to the Howard-Costello legacy?

EMERSON: No what I have said in relation to the Howard government in terms of the state of our financial institutions that the regulatory regime that was initiated by the Keating government and then built on quite effectively by the Howard

government has kept us in good shape in terms of the strength of our financial institutions, most particularly our banks. I have given credit where credit is due on that score.

ABBOTT: I think we've been praised with faint damns Leigh.

EMERSON: I won't damn your faint praise Tony.

SALES: I want to touch on one final issue before we wind up. We've been seeing this week some very angry reaction in the suburbs of Sydney when residents have found out that the convicted paedophile Dennis Ferguson is living in their midst. An unlit fire bomb has been found outside his apartment, a replica coffin was delivered.

Craig Emerson, are you comfortable with the scenes we've been seeing in the neighbourhood? Are you comfortable with Ferguson living there? What do you think of the situation?

EMERSON: Well it's a very difficult situation and if there were not only easy solutions but straight-forward solutions then the authorities would have come up with those solutions.

Mr Ferguson in fact was located by the authorities in Queensland on a property in my electorate and similar things happened. Wherever he goes a group sets up and then they hound him out of that location into a new location. I would love to say there is a solution to this problem. I understand the concern of parents about their children. On the other hand, the man has served his time and I know that the police do watch people like Mr Ferguson pretty carefully, but there are no perfect solutions to this very difficult problem.

SALES: Mr Abbott, do you have any ideas for a solution because as Craig Emerson says it's happened before. If he's moved it will undoubtedly happen again?

ABBOTT: It is very difficult, as Craig says. I'd like to think that when someone comes out of jail he or she has paid the debt to society and can be given a fresh start.

The problem is there are certain types of criminals who people seem to think can never really rehabilitate. That seems to be the problem. Now, I don't know whether there's any truth in that. He has to live somewhere. If he can't continue to live in the current neighbourhood, some place needs to be found for him to live where he can live without persecution.

SALES: Would you want him living in your neighbourhood?

ABBOTT: Well, the short answer is I'd prefer not. Maybe there needs to be a special institution for certain kinds of ex-offenders which is not a prison, as such, but which nevertheless keeps those who can't readily live in the community out of the community.

SALES: Tony Abbott... oh, final word.

EMERSON: Just very quickly, to an extent that's what the authorities tried in Queensland in my electorate, locating him on a property away from other neighbours and it was not very successful.

I understand the sentiments that Tony is expressing but it is a bloody difficult problem.

SALES: As you both say, something authorities will have to keep grappling with.

Craig Emerson and Tony Abbott thank you for joining us tonight.

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