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Transcript
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With Joe O'Brien and Virginia Trioli
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Subjects: The economy, social housing, war widows and CPRS legislation

TRIOLI: The Reserve Bank Governor yesterday endorsed the Government's handling of the global economic downturn and Glenn Stevens also dismissed Opposition claims that the stimulus spending will push up interest rates.

O'BRIEN: But the Opposition appears to be reading things differently and has again called on the Government to wind back stimulus spending. For more we are joined by Small Business and Consumer Affairs Minister Craig Emerson. Mr Emerson good morning.

EMERSON: Good morning Joe.

O'BRIEN: Now later today we've got the update of the budget figures and we're expecting that the bottom line will be better than the \$32 billion forecast deficit. Can you give ABC News Breakfast viewers an exclusive insight into what that figure will be?

EMERSON: You know I would love to do that but this is market sensitive information and Wayne Swan will reveal these figures later in the day. But it does appear that the economy is tracking more strongly and, as you said in your introduction, Governor of the Reserve Bank Glenn Stevens, pointed yesterday to the role of the stimulus in achieving that result. He said that without the stimulus we would be in recession. This has completely isolated Malcolm Turnbull. He's like that character, Tom Hanks' character in the movie Cast Away, there on the desert island all alone. And then finally a volleyball washes up onto the shore and he befriends the volleyball, his only friend, and you know what the volleyball's name is? Wilson. You wouldn't wish it on anyone would you?

O'BRIEN: You haven't used that one in Parliament before have you?

EMERSON: No, no, this is an exclusive. You wanted an exclusive, now you've got it.

O'BRIEN: Just back to the update of the budget figures. It was estimated in one of the papers yesterday that \$10 billion could possibly be wiped from that. Could it be that large?

EMERSON: Well again, it would be irresponsible of me to speculate. I think that was done by a private economic forecasting group. They are entitled to do that. We don't have long to wait but the real point is that we have averted a recession. The Coalition is still maintaining its position that there should be an early withdrawal of stimulus. The point here Joe is an important one. This is a political strategy on the part of Malcolm Turnbull, not an economic strategy. The Reserve Bank Governor has said that interest rates are at emergency low levels. As the recovery gains pace over time then he's already indicated that of course interest rates would return, over time, to normal levels. What Malcolm Turnbull is trying to do is put himself in a position where he can blame the Government for that. I doubt that he actually believes, as sound economic policy, that there should be an early withdrawal of stimulus. It is an opportunistic political policy, that's what he's espousing to the Australian people, nothing more, nothing less than rank political opportunism.

O'BRIEN: Where is all that unexpected income going to go?

EMERSON: Well the Government has said that as taxation revenue returns, then that will be devoted to moving the budget from deficit towards surplus. So that's the commitment that was given in the last budget and subsequently that's what we'll be doing.

O'BRIEN: But the Government ripped \$750 million from a program for social housing to take up the shortfall in that schools program. Wouldn't it be fair to direct that kind of money back to a program? There's this huge crisis in public housing at the moment, people are struggling, wouldn't it be better to direct that money that you ripped from that program back into it now that you've got this extra money?

EMERSON: Well it was all part of the stimulus and we wanted to maintain the size of the stimulus but it's a redistribution within the overall stimulus strategy...

O'BRIEN: It's a redistribution penalising people in crisis...

EMERSON: But what you're suggesting Joe is an increase in the stimulus. Now, not too many people are arguing to increase the total stimulus package at the moment. As Glenn Stevens said yesterday, the budget provides for a staged phasing down of stimulus so we need to do what is economically responsible. But we are investing in public housing, it's not as if the public housing component of it was obliterated, we are investing in public housing for the first time in more than a decade...

O'BRIEN: You're investing less than you said you were going to...

EMERSON: But a lot more than happened in the previous decade. That's what sets Labor apart from the Coalition. The Coalition doesn't believe in investing in public housing and it doesn't believe in stimulus. We do believe in investing in public housing and we do believe in stimulus.

O'BRIEN: What about directing some of that money towards support for widows of soldiers instead of them getting the equivalent of the dole?

EMERSON: Well you heard from Alan Griffin yesterday and we are working to remedy that problem. I wouldn't put that into the overall category of stimulus payments, it doesn't qualify in that category, it's something that needs to be done. The Government fully acknowledges that and we're remedying that situation. But I don't think that that is part, Joe, of the overall economic story. It's a very important, compassionate, social story and we need to support the widows and we will do so.

O'BRIEN: Now the ETS Craig Emerson, is one of the other big issues of the day, it's not particularly in your realm. But you're demanding that the Coalition comes forward with its amendments within a month. How can they reasonably be expected to do so when the Government will not reveal all the regulations?

EMERSON: Well this is about the legislation itself and I had a discussion with George Brandis, the Shadow Attorney General, just the other day on ABC on this very matter and he said, well we are bringing forward amendments and there is only a very small part of the Liberal Party party room that is against doing that. Well what's being revealed today is that there's only a very small part of the Liberal Party in favour of bringing forward those amendments, as George Brandis, as Malcolm Turnbull and as other front benchers have said they're going to do. So they've got real problems in terms of getting support...

O'BRIEN: But the question was, how about the Government reveal the regulations?

EMERSON: Well the regulations are subsidiary or secondary legislation. The legislation is there. There's no reason why the Coalition can't bring forward its proposed amendments so long as those proposed amendments don't amount to delete all the words after 'this Bill'. Now that's what I fear will be their next caper and that is, 'here's our amendments designed to completely gut the ETS'. They could probably get that through Wilson and the other members of the party room, the gutting of the ETS. We're not going to fall for that. But we have said the door is open to a discussion about amendments. Yet we had the Leader of the Liberal Party in the Senate saying "well the Government should draft our amendments and then we'll have a look at them". I mean this is high farce Joe, this is high farce. There is no unity whatsoever within the Liberal Party or between the Liberal Party and National Party on this issue. In fact, as it turns out from the poll conducted in *The Australian* today of the Liberal Party members there is majority opposition to bringing forward amendments. So of course they'll look for excuses as to why they won't and can't bring forward amendments. The key reason is the Wilsons, the volleyballs, the Wilsons of the party room, who are saying they won't do it under any circumstances.

O'BRIEN: Okay Craig Emerson in Sydney, thanks very much for that and thanks for that exclusive movie reference there this morning.

EMERSON: My pleasure, thanks Joe.

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