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Investment Review Board; Swine Flu vaccinations.

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**KING:** ..... Next let's go Inside Canberra.

(Station promo)

**KING:** ... Diane from the Gold Coast says 'Madonna I feel the flight attendant had every right to ask the mother to cover up while feeding her baby, that's in response to our dilemma this morning. More of your responses after 9.30. Don't forget our competition either, a library of 50 books to give away and that's in 48 hours time we'll give those away. You need to tell me what Brisbane means to you in 50 words or less. You can do it online now at [abc.net.au/Brisbane](http://abc.net.au/Brisbane) click on competitions or call me this hour on 1300 222 612. Now to this big report on executive pay and the power shareholders should have which will be released later today. It's been done by the Productivity Commission and the crux of it, the question is, whether shareholders will be given a binding vote on executive pay, whether executive pay should mirror the long term performance of companies, whether shareholders should have the power to veto companies buying unlimited amounts of company shares to give to the bosses, that will be addressed to, but a response to the report by our politicians that will dictate where we go from here let's go *Inside Canberra*. Good morning Senator George Brandis Opposition Spokesman on Attorney's- General matters.

**BRANDIS:** Good morning Madonna.

**KING:** Joining us from Adelaide this morning and Dr Craig Emerson, who is the Competition Minister among other things in the Rudd Government in Sydney. Morning Doctor.

**EMERSON:** Hello to you Madonna and to you George.

**BRANDIS:** Morning Craig.

**KING:** Let's start with this issue of executive pay. Senator George Brandis first ... what would you like to see done on this?

**BRANDIS:** Well I think if we are going to address this issue of executive pay then there are a couple of things that have to be borne ... first of all, we're not talking about taxpayers' money we're talking about shareholders' money, that's the first point to be made. Secondly, I think it's fair enough that shareholders at general meetings should have a say in this. Ultimately, shareholders in general meetings have the power to pass resolutions binding the boards of companies. But the problem of course with a lot of large companies is that most of the shareholders are very large institutional shareholders as it were the mums and dads shareholders' vote usually counts for relatively little compared to the very large holdings that other corporations or institutional investors have, so really the power lies with them. But can I finally make this point and perhaps this reflects a philosophical difference between Craig and me, I don't believe that it is the role of governments to dictate what the income should be or the decisions about management and governance should be to private sector companies.

**KING:** Speaking in our language you are saying this isn't the role of government, the Productivity Commission shouldn't be looking at this and companies should be entitled to offer their CEOs what they like?

**BRANDIS:** I didn't say the Productivity Commission shouldn't be looking at it and of course we have very detailed company law which governs a whole range of things to do with the internal management of companies. But as a matter of principle in a free market economy it is not for the government to decide what salaries are paid by the private sector.

**KING:** All right George Brandis thank you. To Dr Craig Emerson Rudd Government Minister here and Dr Emerson if America is offering these pay packets, we live in a global village don't we need to as well?

**EMERSON:** I think the community has a right to feel quite disturbed at not just the executive pay but the executive payouts and they can be very very large almost irrespective of whether the executive was a successful one or not. These golden handshakes can be bigger for a failed executive to get rid of him or her than they are for a successful executive. Having said that I tend to agree with George that it's not the role of government to determine exactly the amount of pay but ...

**KING:** But you are in a sense by both your Treasurer and the Prime Minister have been very strong in saying these are obscene and something has to be done about it, welcoming the productivity report and while they might not regulate the salaries their obviously saying to the public, we agree these pay packets are out of control.

**EMERSON:** Out of kilter and I think the key to it, Madonna, can be firstly in the financial sector and this is more a problem overseas than here, linking the remuneration of the executive to the long term interests and performance of the financial institution not to highly speculative risk taking activity which did contribute very heavy to the global recession.

**KING:** Yes but is it any use Australia changing that if overseas they don't, given we work in a global market now?

**EMERSON:** I think that's a consideration we can do more to empower shareholders and we have a Bill in the Parliament now.

**KING:** Forget that, what would you like the Productivity Commission to do today?

**EMERSON:** Well I'll answer that but I think the Bill is entirely relevant to the question because the Bill says a payout cannot be more than 100 per cent of the final base salary of an executive without invoking shareholder approval. Now I think that is very relevant. At the moment it's seven times, we're saying one times.

**KING:** That's there now as a Bill now, the Productivity Commission is due to report today, what is the number one thing you would like them to have, the shareholders to have the power to veto some of these pay packets?

**EMERSON:** I would like to see more power by shareholders rather than ... and this is where I do agree with George about the government of the day setting salaries of executives.

**KING:** It will be interesting to see where this goes but while we're still on that, salaries Senator George Brandis I don't think I seen or spoken to you since your colleague Senator Barnaby Joyce said he believes the Prime Minister should be paid \$1 million a year. Do you support Senator Barnaby Joyce on that one?

**BRANDIS:** That's not something I would have said and I just make the point that nobody I know in Parliament who's any good who goes into it for the money.

**KING:** And let's not get into that debate on politicians' pay. We did that a fortnight ago. But just speaking of the Prime Minister there, he's had strong coverage in America on the international scene and I'll go to Senator George Brandis here first. How would he be now viewed do you think, compared to John Howard?

**BRANDIS:** I think that Australian Prime Ministers of both sides have in recent years made themselves very considerable figures on the international stage. John Howard certainly did. The relationship and the intimacy of the relationship he had with President Bush elevated Australia's influence in the

world to a new plane. Mr Rudd for appropriate reasons is seeking to cultivate a very close relationship with President Obama and with other world leaders.

**KING:** And it appears to be working doesn't.

**BRANDIS:** Well it appears to be and I think it is very good news for Australia, applauded by both sides of politics.

**KING:** Are you surprised he's done so well?

**BRANDIS:** Well I think that Australia has always been, regardless of who's in power, a very respected middle power and we bring a lot to the table in terms of intellectual capital as well as our importance in various niche areas in particular as a mining and energy superpower. So Australian Prime Ministers on both sides of politics will always be taken seriously in those forums.

**KING:** Craig Emerson you expected the Prime Minister to be received in the way he did?

**EMERSON:** I did because it's a product of hard work and if I could thank George for the comments he just made. He could have taken the opportunity to be oppositionist and so thank you George for those comments. Look the decision to make this G20 a key decision-making body in the world is a very important decision for the world and especially for Australia. We are not in the smaller group called the G8 which also excludes major countries like China and India, but we are in the G20 that now puts us at the table at all the big international economic discussions.

**KING:** You're listening to *Inside Canberra* this morning with Dr Craig Emerson Competition Minister in the Rudd Government and the Opposition Attorney-General spokesman Senator George Brandis and Dr Craig Emerson I'll just jump on that word 'China' you just mentioned China. Queensland's richest man Clive Palmer claims the Federal Government's foreign investment rules are racist and weighted against the Chinese. Do you think he has a point?

**EMERSON:** That's a crazy rant on the part of Clive Palmer. Obviously the Foreign Investment Review Board (FIRB) and the government of the day will have Australia's national interest at heart. He has his personal financial interest at heart, he can pursue ....

**KING:** He's a big businessman who can create a lot of jobs in this State.

**EMERSON:** He can pursue his personal financial interest, that's fine, but to describe the authorities as racist is outrageous and a disgrace.

**KING:** Do you think some of the Chinese may view our foreign investment rules as racist? He deals with these business people.

**EMERSON:** Yes I understand that he does and his interests do not necessarily align on this issue with the national interest. Now if I can step

back and mention a decision of the previous Government favourably and that is Peter Costello when Shell wanted to take over Woodside he decided in the national interest that that should not happen. Does that make Peter Costello a racist against the Dutch people? Of course it doesn't.

**KING:** Let me bring you in here Senator George Brandis. Do you know Clive Palmer at all personally?

**BRANDIS:** Not really, I knew him 30 years ago when he was briefly a member of the Young Liberals but I couldn't say I particularly know him.

**EMERSON:** I hope you kicked him out

**BRANDIS:** I haven't seen Clive Palmer for 30 years.

**KING:** He is Queensland richest man, he has a lot of business and obviously business nous he said this in a public forum yesterday that the Federal Government's foreign investment rules basically were racist, certainly were weighted against the Chinese. Do you think there is any validity in his argument?

**BRANDIS:** No I don't think there is any validity at all in his argument at all. Let me make a couple of points. First of all the people should be very careful about throwing around insinuating words like racist and it's very regrettable that Mr Palmer said that. Secondly I don't agree with the substance of what he said leave aside the unfortunate language he chose to use. It is perfectly appropriate for Australia to have a body like the Foreign Investment Review Board that assesses investment proposals in Australia on a national interest basis. I think the public would expect no less and for decisions of the Foreign Investment Review Board to take into account national interest and for that to have a bearing on one particular country's ambitions to acquire large stakes in, for example, the Australian mining sector is a national interest consideration that doesn't mean it's racist and the Shell/Woodside deal that Craig Emerson just mentioned is a very good example of that just because one particular country or the businesses in one particular country are on the wrong side of a decision by the FIRB doesn't make it racist.

**KING:** You say the national interest. How do you define the national interest?

**BRANDIS:** I think national interest criteria are delineated by the Act. There are all sorts of including employment, including how much the proposed investor will bring to the development of infrastructure in the industry, for example. There is a whole series of criteria.

**KING:** Explain this to me, on one hand we could get out of the economic doldrums faster by opening up Australia to further Chinese investment but on the other hand there is national interest criteria that the Foreign Investment Review Board looks at to see if that's in the best interest of Australia. Is that essentially how it works?

**BRANDIS:** Well it's certainly the latter. I don't think it's necessarily a trade off between the two, but very few countries have a completely open door policy on foreign investment and I'm quite certain China wouldn't for example and I think your listeners should be very reassured that the Commonwealth Government has a body and an Act which enables these large foreign investment proposals to be assessed against national interest criteria. Can I finally make this point. The vast majority of them are approved. It's not very often a foreign investment proposal is not approved but sometimes, when for example it means losing Australian control over a very large chunk of a very important sector as it was the case with the Shell/Woodside proposal some years ago which Peter Costello denied.

**KING:** It's 25 minutes past 9 here on 612 ABC Brisbane. That's Senator George Brandis, Dr Craig Emerson also *Inside Canberra* this morning and the swine flu vaccine rolls out today obviously with the friendly pills both of you two have had. Will either of you two get the swine flu ...

**Laughter**

**EMERSON:** We might get through this whole program agreeing on everything.

**KING:** Not possible, not possible.

**EMERSON:** Come on George fire up.

**BRANDIS:** I'm glad to see you've come onto my neo-liberal territory today.

**Laughter**

**KING:** The swine flu vaccine will both of you be vaccinated?

**EMERSON:** I won't do so in a hurry, I would probably would consider it early next year, but I think it's important to let others be vaccinated and ....

**KING:** There's enough for everyone, 21 million .....

**EMERSON:** I know there is but ....

**KING:** There are a lot of my listeners you can have theirs I'd think.

**EMERSON:** It is voluntary, I think I'll step back and have a look at it in the very early part of next year.

**KING:** George Brandis lining up at the GP this morning?

**BRANDIS:** Not this morning but I suppose I will, it seems a sensible thing to do.

**KING:** How long do you two have to wait to see your doctor, do you have to book in a week in advance?

**EMERSON:** I actually go to a GP clinic at Beenleigh and sit and wait, and wait and wait but I get in, in the end.

**KING:** What about you George Brandis?

**BRANDIS:** I go to a GP who's a very old friend of mine and he always makes it his business to see me reasonably promptly.

**KING:** Craig Emerson flooded with opposition to the idea of scrapping restrictions on the idea of importation of books; you've come up with a compromise plan?

**EMERSON:** I can't really go into the details of it because that was a story that was leaked to the media and I have to abide by our Cabinet processes.

**KING:** Obviously someone didn't.

**EMERSON:** Absolutely that's pretty clear isn't it.

**KING:** So there is a compromise plan, can you say yes or no and we'll move on.

**EMERSON:** No I can't say yes or no to that, I'm sorry Madonna.

**KING:** All right, we've got a library of 50 books to give away this week and it's pretty simple 50 words or less you've got to say what Brisbane means to you and it can be one word if you like. If I said the word Brisbane Craig Emerson what does it mean to you?

**EMERSON:** Brilliant, bonza. Bonza brilliant Brisbane, I'm into alliteration.

**KING:** Yeah, pretty poor alliteration at that, not that I'm giving you a view here.

**EMERSON:** Come on Madonna, the Russian judge gave me two.

**Laughter**

**KING:** How often do you say bonza in your normal talk?

**EMERSON:** Not very often.

**KING:** No, leaving it for special occasions.

**EMERSON:** I hope it's not a word that's been consigned to the history books.

**KING:** Well I haven't heard it for a while but I wouldn't say that either.

**EMERSON:** Let's bring it back, let's bring it back.

**KING:** George Brandis surely you can do better than bonza brilliant Brisbane.

**BRANDIS:** I think Craig's a bit bruised by having lost all these competitions in the last few weeks.

**Laughter**

**EMERSON:** Just cause you've swallowed a dictionary George. What was what, diaphanous or something? It sounds like a flower, the Latin name for a flower.

**KING:** Craig Emerson shhhh!

**BRANDIS:** Let me have a go please Craig. What Brisbane I think evokes to me is a sense of the future.

**EMERSON:** That's not one word.

**BRANDIS:** I think one of the defining things about Brisbane and it's sort of part of the movement of Australian history is this gradual but inevitable movement to the north from the south east where the country began up the east coast to the north to the sunnier areas of the nation. So to me I think Brisbane is the iconic future Australian city.

**KING:** All right we'll leave it there. I think Senator George Brandis might have beaten you there Craig Emerson.

**EMERSON:** Pipped at the post.

**KING:** Pipped at the post but you can try again next week.

**BRANDIS:** That's three nil Craig.

**KING:** Three nil, Dr Craig Emerson thank you.

**EMERSON:** Thank you very much, thanks George.

**KING:** Senator George Brandis talk to you next week.

**BRANDIS:** Thanks Madonna, bye Craig.

**KING:** That's *Inside Canberra* for this week and I didn't get a chance to ask them about our dilemma for the day and we'll talk about that in the next ten minutes or so.

**Ends**