



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
Sky News AM Agenda with Kieran Gilbert

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E&OE

Subjects: Budget, asylum-seekers.

KIERAN GILBERT:

Good morning and welcome to AM Agenda. It's Budget day in Canberra and Wayne Swan's fourth Budget will include themes of tighter spending, workforce participation, and it will also see a major new investment in mental health. We're hearing more than \$2 billion is expected to be outlaid for mental health; the government delivering on the Prime Minister's commitment to make that issue a priority of this term of government.

We're waiting to take you live to the Treasurer's news conference this morning. We're expecting it in about 15 minutes here at the Ministerial Door, on this big day for him as his fourth Budget.

In the meantime, I'm joined here in the Canberra studio by the Trade Minister Craig Emerson and the Shadow Minister for the Environment Greg Hunt.

Gentlemen, good morning to you.

CRAIG EMERSON:

Good morning, Kieran.

GILBERT:

First of all Craig, mental health: I've been told more than \$2 billion to be spent on this area. This is something that the Opposition has led the way on, committing more than \$1.5 billion in the last election. Today, it looks like the Government's finally going to deliver.

EMERSON:

Oh, well we're trebling funding on mental health compared with Tony Abbott's time as Health Minister. You see, this is one of the relevant issues here that Tony Abbott talks the talk. He was always going to do something on mental health. They had 11 years to do something substantial on mental health - didn't get around to it. They were going to ...

GILBERT:

[Interrupts] Is that the current, before tonight?

EMERSON:

Yes. That's right, yes.

GILBERT:

You're not talking about what it will be beyond tonight.

EMERSON:

So, what I'm saying is, yes, there is a big investment in mental health, but it's all very easy for Opposition leaders go around, to go around saying 'well, there should be a one-off permanent increase in the age pension', which we did, which the Coalition had 11 years to do and didn't do. Same thing with mental health. So, of course, this is a vitally important area and a priority for this Government.

GILBERT: But you know that Peter Dutton and the Opposition did commit to this prior to the last election? That was their commitment: if elected they would have delivered \$1.5 billion. So you've caught up on this now.

EMERSON: And an \$11 billion black hole. You see, it's easy to commit to things if you don't actually have to fund them, and they had an \$11 billion black hole. What this Budget do, will do, will bring the Budget back into surplus.

GILBERT: Greg Hunt, this is something you would welcome - a commitment to mental health. And if it is over \$2 billion, as I've been told, that is a ... that gazumps the Opposition's numbers.

GREG HUNT: Look, if it does match Tony Abbott and Peter Dutton's plan.

GILBERT: That exceeds, that exceeds that plan.

HUNT: If it matches it or if there's anything else, we'll be positive about positive initiatives. It's something we believe in. Remember, this is about people on the streets, people in homes. I've spent time with home ... with people in homes recently, where they have had distressed families. If that funding does come and it matches what Tony set out, that's what we're meant to do as political leaders.

GILBERT: Okay. Let's look at workforce participation, Craig Emerson. We're being told that there is going to be a crackdown on the work-for-the-dole, on the disability support pension, on teenage mums. Does the Treasurer need to get the balance right tonight between the

carrot and the stick, to say that there is ... this is about opportunity, not just about punishment?

EMERSON:

And we do want to spread the opportunity of the mining boom to everyone and that means getting people into work. It means getting people into work who are really keen to work but have some sort of blockage.

It also means getting people into work who may be less keen to work. So, yes, there is a crackdown and it is a combination of incentives, because people do need incentives to get into the workforce off the dole. But for those people who simply can't or won't contemplate going back into work, of course you need to create the right incentives there, that is, to push them into the workforce where they are reluctant.

I'll give an example. The proportion of people who miss their first interview when they're on Newstart is over 50 per cent. Now, that's not acceptable, so we're going to require people to go to those interviews. That's what getting back into the workforce is all about.

GILBERT:

Greg Hunt, this sounds like an agenda that Tony Abbott and the Opposition would be very comfortable with.

HUNT:

Well, firstly, Tony is setting the agenda. We set out a four-point plan to help people back from welfare to work. It is clear that the Opposition is leading the key issues in this country.

The second thing is, with great respect to the Prime Minister, she talks like Thatcher but walks like Whitlam. What we see is somebody who is maybe going to do something to try and help people but about to deliver a second, \$50 billion deficit in a row, a ninth ALP budget deficit in a row - the last five under Whitlam, the first four under Rudd and Gillard - nine years of massive deficits ...

EMERSON: Jeez, you missed out the whole Hawke-Keating era. Don't know much about history.

HUNT: Nine years of massive deficits in a row versus 10 out of the last...

EMERSON: How can you have nine years...

HUNT: ...11.

EMERSON: How can you have nine years of deficits in a row going from Whitlam and then to Kevin Rudd?

HUNT: The last five of Keating and the first four under Rudd and Gillard have all been massive deficits, and the question for Craig is 'how can you have such bad luck that nine massive deficits have occurred in a row under the ALP?'

EMERSON: Because it's just completely untrue.

HUNT: Well, no, I can run through the figures.

EMERSON: You just airbrushed the Hawke-Keating era right out of history.

GILBERT: No, but ... no, Greg Hunt said the ... he said the last ...

HUNT: Twelve billion, 18 billion, 18 billion, 12 billion ...

GILBERT: ...what was it? Four or five of Keating.

EMERSON: He said ...

HUNT: The last five.

GILBERT: The last five of Keating.

EMERSON: He said nine in a row; there was Whitlam and then ...

GILBERT: Okay, let's ... we'll go five Keating, four Rudd and Gillard.

EMERSON: And there was something which also has been airbrushed out of history by the Coalition, and that is called the deepest global recession since the Great Depression. We now have Coalition spokespeople saying that the government Budget deficit should never have occurred, there should never have been a deficit. That would have absolutely smashed workforce numbers in this country. We would have lost so many jobs.

And I've also heard the Coalition Senator George Brandis, Deputy Leader in the Senate, saying there was no global recession - it was a northern hemisphere phenomenon. Well, why did New Zealand go into recession? Why did Argentina, Chile; why did South Africa go into recession: all southern hemisphere countries?

There was a global recession. That affects the numbers. We're getting the budget back into surplus in 2012-13.

HUNT:

So why have you got ...

GILBERT:

Let's just quickly, before we move on, I do want to ... I want to ask you about this workforce participation agenda that the Government is prosecuting and arguing tonight in this, in this Budget. It's going to be one of the biggest spending measures, isn't it, the training and skills? It seems inevitable that that's where all the money is going to go, beyond the mental health issues, that this is going to get ...

EMERSON:

Well, let's wait and see but, I mean, the Budget is hundreds of billions...

GILBERT:

It costs a lot doesn't it, these sorts of things?

EMERSON:

Well, it does cost money but at the same time we are committed to ensuring that Australians who can work do work. We actually support the dignity of work. We actually expect that those Australians who are able to work do work. We're not a party of welfare; we're a party of work.

GILBERT:

Is the Government going to deliver on this rhetoric, though, this tough budget rhetoric? Are people really going to notice the cuts tonight? We heard that the Prime Minister said to Caucus yesterday this is not going to be popular in large parts of your electorates. Are we really going to see the rhetoric match with action tonight?

EMERSON:

Well, of course it will. Yes, it will be a tough Budget. It will be a tough Budget. We will get the Budget back into surplus in 2012-13 as we indicated before, as the economy begins to expand again, after the series of natural disasters that have affected revenue right now ...

HUNT:

You already had \$40 billion of deficit before.

EMERSON:

... that have affected revenue right now. We will get the Budget back into surplus in 2012-13. We've also committed, Kieran, as part of that, to limit spending growth to no more than 2 per cent in real terms.

So these are the disciplines that need to be applied as the economy gains momentum, gains strength.

KIERAN GILBERT:

Greg Hunt, is the Opposition happy to have a debate about this broader agenda, about workforce, about health? Because this morning Tony Abbott, your Opposition Leader, has showed up at the doors of Parliament - the first thing he talked about on Budget Day is the asylum-seeker deal with Malaysia. Where is the credibility on economic matters if on Budget Day your leader shows up and talks about asylum-seekers as his first issue?

GREG HUNT:

Well, the reason why that was done is because overnight we've heard that what started out as a two-for-one deal has become a five-for-one farce in terms of the exchange ...

EMERSON:

You're making it up as you go along.

GREG HUNT: ... it's the ... I think you'd better read the facts on this. A five-for-one farce with Malaysia, and with a massive blowout in costs and massive ...

GILBERT: Doesn't that show that ... doesn't it show the Opposition Leader just wants to narrow the debate about asylum seekers...

GREG HUNT: ... blowout in costs. The second thing is...

GILBERT: ...and carbon, that's it?

HUNT: No. The second thing is, in terms of budget, we are very happy to have a debate which says nine consecutive ALP budget deficits in a row, two consecutive \$50 billion deficits in a row. We have a massive blowout in borders, in our costs on home insulation, in our costs on building. And now, the set-top box scandal is set to be pink batts for pensioners.

GILBERT: Okay. Well, let's get your response to that. And I also want to get your response to this story about the ... that Mr Hunt referred to in relation to the deal with Malaysia, where they look like they've got the deal they want, not necessarily what our officials wanted previously.

But first of all, the set-top box. Is this going to be a rort? *The Daily Telegraph* this morning says that it ... this is a new public waste scandal looming after \$400 a time has been allocated to install digital TV top boxes?

EMERSON: Thirty-eight thousand pensioners and veterans and other Australians have already been assisted to get set-top boxes. So where is the

big story here about how this is being rorted?
Thirty-eight thousand!

Now, let the Coalition oppose giving assistance to age pensioners to move from analogue to digital by the installation of set-top boxes. It wouldn't be the first time the Coalition has said one thing and done another, like oppose ... saying that there should be an increase in the age pension, never doing it. Since they get into Opposition, they say the Government ought to do it. They are the greatest 'gunnas' of all time. They're 'gunna' do all of these things.

Now, in relation to asylum-seekers, we have struck a deal with Malaysia. It is a very important deal because it means that over four years there will be 4,000 asylum ... not asylum-seekers but actual refugees in Malaysia coming to Australia. And in exchange for that, 800 asylum-seekers who think that they might be able to get to Australia will be going to Malaysia. And I'll point out this ...

GILBERT: But Peter Hartcher and Phil Coorey in the *Herald* today, in *The Sydney Morning Herald*, are reporting that initially it was going to be a two-for-one deal, a two-for-one deal. Now it ends up being, what?, ...

HUNT: Five for one.

GILBERT: ... five for one.

EMERSON: Well, the deal is what has been announced ...

GILBERT: Do you reckon that's true: 4,000 to 800?

EMERSON: ... and I actually think that ...

GILBERT: No, but has the Government been duded? It says Malaysia's out-gunned Australia on this.

EMERSON: That's their story. We are quite ...

HUNT: Do you deny it?

EMERSON: ...we are quite content with the deal...

GILBERT: We'd take any deal you could get?

EMERSON: No, we are quite content with the deal that is there. Now, again, let Greg Hunt, let the Coalition say that they are opposed to 1,000 mainly Burmese refugees coming to Australia. You see, they have every possible position.

Scott Morrison said that under the Coalition there would be an increase in the humanitarian intake. When we increase the humanitarian intake, predominantly Burmese, what does Greg Hunt do? What does Tony Abbott do? What they always do - oppose it.

HUNT: There's a simple solution: pick up the phone to the President of Nauru, who is willing immediately to reopen the centre there, to do this without ...

EMERSON: It's not ready to be reopened.

GILBERT: Are there double standards? Is there ... is there hypocrisy there?

EMERSON: It is not yet ready to be reopened.

GILBERT: But is there hypocrisy there? You did say before in the context of the Budget, where there's positive, or positive developments as you see it and you welcome it. It seems on asylum-seekers that rule does not apply ...

HUNT: This is not a...

GILBERT: ...because you did say...

HUNT: ... this is not a good deal for Australia...

GILBERT: ... but the Government did say it will ...

EMERSON: So you oppose the Burmese coming to Australia?

HUNT: This is not a good deal.

EMERSON: Okay, there it is: opposition!

HUNT: It started out at two for one. It's ended up at five for one, and it's not going to stop the boats. It's a temporary solution and, most significantly, what you see is that Malaysia looks at the Australian Prime Minister, they see a diminished figure, and Malaysia says, 'she is the Alan Bond of international relations...'

EMERSON: Yeah, yeah, well, look, the Burmese ...

HUNT: You get one deal like this in a lifetime.

EMERSON: Who would argue with this: that there is repression in Burma? Who would say that Aung Sun Suu Kyi isn't barracking and

championing on behalf of oppressed people in Burma? And those Burmese ...

GILBERT: Were there concerns in Caucus about this, though? The fact that if you look at the humanitarian side of this ...

EMERSON: ... those Burmese are genuine refugees.

GILBERT: Yes, but, in terms ...

EMERSON: And they are opposed to them coming to Australia.

GILBERT: But Craig Emerson, in terms of the humanitarian ...

HUNT: What if they only want two for one?

GILBERT: Please, please. In terms of the humanitarian aspect of this in the Caucus: were there concerns that you're shunting a group of people to the back of the queue in Malaysia where human rights abuses have been noted for many years?

EMERSON: And you know I'm constrained about discussing what actually happened in Caucus. But I can tell you about the general atmosphere. There was very little discussion about this in the full Caucus. Whether there were discussions with individual Ministers beforehand or whatever, quite possibly. There was very little discussion about it in the Caucus. And you've seen the newspaper reports on the Caucus saying the Caucus accepted the proposition that was put to them.

GILBERT:

The Prime Minister told the Caucus, apparently, Greg Hunt, that ... and this is something that obviously Tony Abbott ... is working for Tony Abbott, that his narrow debate on carbon price and on asylum-seekers, the political debate, that's what he's been driving, the roadshow around Australia on the carbon price and on asylum-seekers.

Is this, you know, is this going to be the *modus operandi* for the foreseeable future, or is Tony Abbott going to broaden the debate at all?

HUNT:

No, there are two parts to this. One is holding the Government to account on the massive failures on border protection and the carbon tax. Just yesterday we saw the CEO of Incitec Pivot and the Chairman of BHP again criticised the Government's approach on this and say that it's got it wrong.

Secondly, at the same time, Tony is also working on a very constructive agenda for Australia in terms of a better way: mental health; Indigenous health; welfare to work; financial reform. This is both a Leader of the Opposition and an alternative prime minister.

EMERSON:

All right. Well, here's a great opportunity. Thursday night the Opposition Leader delivers his Budget reply. During last week, the Shadow Treasurer said that the Coalition would have the Budget back into surplus in 2011-12. Here's the opportunity for Tony Abbott to spell out how he's going to get the Budget back into surplus in 2011-12 and beyond.

And I'm saying beyond the rubbish \$50 billion figures that Joe Hockey's been talking about,

which includes not proceeding with small business tax breaks funded by the mining tax, not proceeding with the cut in the company tax, not proceeding in superannuation, but forgetting that they don't get the revenue out of the tax.

GILBERT: Okay, well let's ask Greg.

EMERSON: How absurd is that?

GILBERT: Is this ... was that a legitimate commitment, or is this the Government just trying to beat this up? Is this a commitment that the Coalition would actually see that as viable: return to surplus a year earlier?

EMERSON: [Indistinct]

HUNT: Well, if we had been in government, I believe we would have delivered it. I don't have any doubt about it.

EMERSON: Another 'gunna'.

HUNT: The next thing, though, is our record compares with the Government's. Ten of our last 11 Budgets were surplus Budgets. Nine out of nine of the last ALP Budgets have been massive deficit Budgets. That's the history that Australia is facing at the moment. Surpluses versus deficits, and tonight there will be no carbon tax in the budget and there will be, therefore, a \$35 billion to \$40 billion revenue shortfall ...

EMERSON: Let me make this point, let me make this point...

HUNT: ... compared with what they're proposing to extend.

EMERSON: ... about no carbon tax in the budget. In mid-May 1997, John Howard announced a GST. It was not in the next Budget, it was not in the next Budget. In mid-2007, John Howard announced an emissions trading scheme. It was not in the Budget updates. Hypocrisy, thy name is Liberal!

HUNT: I think that's the ...

GILBERT: Okay, is that a fair comparison that Craig Emerson's making? With the GST, it wasn't included until the details were finalised. So surely, you do it when it's done?

HUNT: No the diff ... with respect, there is a great difference, and the difference is this: that this tax is proposed to start just over a year from now, just over a year from now. Not some multiples of years later right now. It's a critical element ...

EMERSON: Same thing with the GST.

HUNT: ... it should be in the Budget. It's being withheld from the Budget because it would destroy their promises on both revenue and expenditure.

GILBERT: And I suppose the other difference is, Craig Emerson, that Mr Howard went to the election, went to the election in '98 with a GST.

EMERSON: And spelled out the details but didn't put it in the Budget.

GILBERT: But took it to the people.

EMERSON: Yeah, didn't put it in the Budget. This is about ...

GILBERT: You're not taking this carbon tax to the people.

EMERSON: What we're talking about is whether it's in the Budget or not. Now, the Coalition's made a big deal about the carbon tax, which starts on 1 July 2012, right after the next Budget, after the next Budget. So why would you put it in this Budget when we're still working through the details, when the Coalition ...

HUNT: Four-year estimates...

EMERSON: ... didn't on either the ETS and the GST?

GILBERT: Well, we're going to wrap up our discussion now, gents. Thank you very much for that on Budget Day. We can see some pictures there of Treasurer Wayne Swan approaching the Ministerial door of Parliament House here in Canberra. Thank you very much.

EMERSON: Go Swanny!

GILBERT: Have a good day [laughs]. It should be an interesting week, Greg Hunt, Craig Emerson. Thank you very much for that.