

INSIDE CANBERRA

WEDNESDAY, 16 JULY 2008

HON CRAIG EMERSON MP

MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND
THE SERVICE ECONOMY
MINISTER ASSISTING THE MINISTER FOR FINANCE ON
DEREGULATION

SUBJECTS: Optus communication outage, Carbon Pollution Reduction Scheme Green Paper, Fair Dismissal Code.

KING: What will the Government's emissions control program mean to the cost of your petrol? That will be released at midday today and the Federal Government is expected to cut petrol excise to compensate drivers for the program. But if that's the case and so easy to do that you wonder why hasn't it been cut previously? One of the issues to talk about now as we go *Inside Canberra* with Small Business Minister in the Rudd Government, Dr Craig Emerson. Good morning Doctor.

EMERSON: Hello Madonna.

KING: And Steven Ciobo, the Opposition Small Business spokesman and the MP for Moncrieff. Good morning.

CIOBO: Good morning Madonna.

KING: We should start with mobile phones. Do you both have one?

EMERSON: Yes we do.

CIOBO: I certainly do Madonna, but I think the Government contracts with Telstra so I was unaffected. I'm not sure if Craig was.

EMERSON: I was actually interstate. I was at that Mass...

KING: World Youth Day?

EMERSON: Yeah, World Youth Day Mass.

KING: We might come to that in just a moment but your constituents, have you heard of any problems in your areas with this?

EMERSON: Oh sure. My office was red-hot about it and the number of complaints that they got. Plus the fact that the office itself was immobilised but we had people come in complaining about it.

KING: Why was it immobilised? Because your office used Optus?

EMERSON: Yeah, it must do because our entire email system went down and much of our phone system seemed to go down too.

KING: I think that's anyone ringing from an Optus to a Telstra, was also affected. Steven Ciobo?

CIOBO: Well like Craig, Madonna, the office, the backbone infrastructure is with Optus so all of our computers were down until just after midday. So you know, four or five staff sitting around unable to access any of our software that we use so people were, of course, calling up, wanting to know what was going on and, I've got to say, I was a little bit critical yesterday of what I thought was a fairly tardy response from Optus. There wasn't a lot of information around, there wasn't a lot of information online and frankly I would have thought for something that significant, you can never over-communicate but you certainly can under-communicate.

KING: We're talking to them in about 12 minutes or so but they said, well you know, their focus was on the problem yesterday.

CIOBO: Well, Optus is a big company. I'm sure that they've got people that could deal with that.

EMERSON: People who can communicate with others.

CIOBO: That's right.

EMERSON: Help them out.

KING: Is there a little bit of a side issue here though – just on how much we now rely on a mobile phone? There were pictures on the news of people trying to work public telephone boxes and people in long lines. I'm not sure I could work one. Do you use it, do you have on your pocket, in your pocket, by your bed 24 hours a day.

EMERSON: I actually do. I use my mobile phone as a substitute for a land line. Obviously other than in the electorate office but I just keep it on all the time basically.

KING: Do you get emails on it?

EMERSON: No, I haven't graduated to that generation of technology but lots of friends and colleagues do.

CIOBO: Well, I guess, like it's a bit of a tool of trade for a politician, our mobile phones, so we tend to have it stuck to our ears constantly. I do, Madonna, but I also don't get email. I think, you know, we get enough information over the phone without needing to succumb to email as well.

KING: Could you actually do your job without a mobile for a week?

EMERSON: Well I used to do a similar job when I was an adviser to Bob Hawke and there are nightmare stories there of trying to co-ordinate public statements of the Prime Minister and the Treasurer. I was often left in remote places on the landline trying to communicate back to the Treasurer's office saying what was in an interview that Bob had just given and it seems unimaginable now. But that was only 1987-88. So things are...in 1990 we had these huge bricks that you used to carry around with a very strong right arm. That was called a mobile phone. It was only just mobile if you were strong enough to carry it.

KING: Now they're tiny and the next thing we're going to see is television on it apparently.

EMERSON: Yeah sure, the new generation's coming through all the time. It's fascinating again, I don't want to spend all the time in the past today of course, but in 1990 there was a huge debate in the Hawke Government about the future of Telecom and Telstra and Optus and we were told towards the end of that debate, it was quite divisive, don't worry about it by the year 2000 they'll have these mobile phones that you can actually stick in your top pocket.

KING: And everyone thought, yeah sure...and here we go. Guys, have you got your mobiles there? Can I see how small they are? Steven Ciobo?

CIOBO: I left mine outside of the studio Madonna because I thought...

EMERSON: I brought mine in but I've got it on silent.

KING: I'm pleased about that. There if you've got the web on you can see it's just the size of a finger really. Quite tiny.

EMERSON: Yes it is. They're getting smaller and smaller. There are smaller versions than this but I like this one because it doesn't break down quite as often.

KING: Yes, all right. So from mobile phones to petrol and I read in the *Gold Coast Bulletin*, your part of the world this morning Steven Ciobo, where service station owners have banded together to protect themselves from petrol thieves as high fuel prices continue to bite. One owner says brazen thieves have driven off without paying even though an attendant was standing behind the car. They bolted. Now service station owners are letting each other know, for example there's a blue car of this make being driven by a person who looks like this, and word of mouth. They're trying to stop it that way. I read that and then I saw today where petrol excise is likely to be cut to offset the Government's emissions trading scheme under a plan to be announced by Penny Wong at lunch-time to spare motorists further fuel price hikes. If petrol excise can be cut just by the wave of Kevin Rudd's pen, why haven't we actually done it to date on either side?

EMERSON: It is expensive to do. People say well all excise revenue should go funding roads. The truth is a good part of the excise revenue goes to funding hospitals and schools and so on. So if you cut it, that's less money for hospitals and schools.

KING: Would you have any idea of how much money is brought in, in a year, through petrol excise?

EMERSON: I used to know. I don't remember now, but it's a lot of money. It's billions and billions of dollars.

KING: So if that is cut, that money has to be found from somewhere else...

EMERSON: But in an emissions trading scheme it will be cut only by what the increase in petrol prices otherwise would be.

KING: But that money, that increase in petrol prices, will it then go to hospitals and schools will it?

EMERSON: No, that's true, but we have just come to the view that at petrol prices where they are and where they've been in the last six months I think, a 30 cent increase, then that sends a pretty strong price signal to motorists and people are struggling and you get the sort of behaviour that is occurring in Steve's electorate, really doing it tough. And so that's sending a pretty clear price signal to people, but also squeezing their budgets very, very tightly.

CIOBO: Madonna, can I say just to pick you up on a point when you said why hasn't it been done before? I mean it was done by the Coalition. The fact is that we cut fuel excise by one and half cents in 2001 and, even more importantly Madonna, the Coalition stopped the indexation of fuel excise, which if that still been in place, if it wasn't for that Coalition decision, fuel would be 17 cents a litre more expensive today than it currently is. So we've got form in this regard. Plus don't forget it's a key part of Coalition policy to cut fuel excise which initially the Labor Government said was irresponsible and couldn't be done and now they turn around and ignore that and have copied our suggestion.

KING: So we can take it from that that you will be supporting the Labor Government in doing this?

CIOBO: Well Madonna we are, our, the Coalition policy is to cut fuel excise. In terms of the overall framework for an ETS that the Government's putting forward, we'll have a look at that but, you know Madonna, the great shame about this and we see the politics that the Labor Party continually is playing on this issue. Labor promised cheaper fuel. Fuel prices have gone up. Labor, when we said we would cut fuel excise...

EMERSON: It would have nothing to do with world oil prices would it?

CIOBO: When Labor said they would cut fuel, when we said we would cut fuel excises, Labor said that it was irresponsible to do that. Now they're suggesting to do it.

KING: How much is the fuel excise of a litre of petrol?

EMERSON: It's 38 cents.

KING: 38 cents in the dollar?

EMERSON: No, 38 cents is the flat rate. Steve is right that the previous Coalition Government stopped the indexation but he said they also cut excise by 1.5 cents. He neglected to mention three little letters – G S T.

CIOBO: Which is all State Government revenue Craig which all the State Labor Governments...

EMERSON: It's a Commonwealth tax...

CIOBO: It's not a Commonwealth tax.

EMERSON: ...and it did not reduce the price of petrol.

CIOBO: It's a State Government revenue and everybody knows that.

KING: Both of you are playing politics a little bit aren't you? It's a 38 cent flat rate. You dropped it by what, 1.5 cents?

CIOBO: 1.5 cents as I said importantly we stopped...

KING: 1.5 out of 38...

CIOBO: Well Madonna we stopped indexation...

EMERSON: With an 8 cent GST.

CIOBO: GST goes to State Labor Governments but importantly...

KING: We all pay it at the bowser though?

EMERSON: That's right.

CIOBO: If State Labor Governments would like to remove GST off petrol then they should go ahead and lobby Prime Minister Rudd to do that.

KING: They didn't introduce GST though. Just to be fair here. Both of the parties have been responsible in a sense.

CIOBO: This is about fuel pricing. The fact is that the Coalition has strong form in this area. Not only did we cut fuel excise but we stopped

indexation. Labor initially said that to cut fuel excise was irresponsible. Six months ago Wayne Swan was lecturing the Coalition saying do not do it and now Labor's copied our policy. So frankly Labor doesn't know whether they're Arthur or Martha on fuel price.

EMERSON: We haven't copied the policy. The Coalition policy post-Budget was to cut the fuel excise and had nothing to do, it had nothing to do, with emissions trading. We're saying that we would reduce the fuel excise by an amount such that motorists did not face extra increases in the price of petrol because they've already faced big increases.

KING: Do you know how much that might be Craig Emerson?

EMERSON: I think we'd have to see at the time, you know, as to what petrol prices are.

KING: Ok, so on this point, I've read this morning and you may be able to help me here that this contradicts Ross Garnaut's report. Why do we have these experts to come out and look at this if we don't actually then follow what they recommend? Or is it the politicians' job to actually make the decision and take all sorts of advice on board?

EMERSON: The latter. Ross Garnaut is a fine economist. He was my PhD thesis supervisor at the ANU and Ross has come up with what he regards to be a very good system. It's the role of elected Members of Parliament to make judgements on behalf of the people of Australia. We believe that the 30 cent increase in fuel prices in six months sends a pretty strong market signal and is really squeezing budgets.

KING: Is climate change the big threat that we're being told it is? Do you, there seems to be two sides developing, whether it's in the Catholic Church or business and unions, politics that there's the climate change advocates, this is serious and we must do something and the climate change sceptics. Where do you both sit?

EMERSON: Well I'm a science based guy. I want to see the actual science and I'm interested in argument from both sides. What I don't like is scientific evidence being selectively used by one side or the other. So let's get the science in, let's evaluate the science. In my view, there's compelling evidence that there's a problem of climate change.

KING: That's Dr Craig Emerson, Small Business Minister in the Rudd Government, *Inside Canberra* this morning, also with Steven Ciobo, Member for Moncrieff and Opposition Small Business spokesman. A sceptic or an advocate?

CIOBO: Well Madonna I think there little doubt that the vast consensus is that our climate is changing. Of course the debate is all about, well to what extent mankind's activities are influencing that climate change. What's crucial though Madonna with the development of the ETS though is that if we are

going to adopt a policy nationwide that's going to be for the betterment of the environment to reduce carbon emission, well that's a solid step forward. But we need to do that in an economically responsible way. There's no point, for example, having our industries and our workers move offshore to other countries who don't adopt an ETS because the net result is no improvement in the world environment and, in fact, all we've done is lost jobs.

KING: Onto industrial relations, Craig Emerson you're quoted in a southern paper, the *Herald Sun* this morning talking about small businesses will be able to sack troublesome workers quickly by ticking the right boxes on the new Dismissals Checklist. Is that right and how does this code work?

EMERSON: There will be a Fair Dismissal Code. We promised that before the last election and I have been working on that with a working group of small business practitioners; that is people who have been active in the area. That work is going pretty well. What we do not want to do is have a situation, which prevails at the moment, where four million working Australians can be sacked on the spot for no reason and with no recourse. We don't accept that. That's the Coalition's policy.

KING: Yeah, but I don't want to talk about the Coalition's policy.

EMERSON: Sure, but I'm saying that our system would be a simple, streamlined system where good workers wouldn't be sacked for no reason, but bad workers, or workers who haven't performed, would be able to be dismissed.

KING: Can you confirm this? The *Herald Sun* reports items to be included on the new checklist include stealing, failing to follow instructions, consistently poor performance and serious safety breaches.

EMERSON: No I can't confirm that because the work that we're doing is ongoing but I can say that prior to the election we said that anyone who was caught stealing, referred to the police for stealing or violence would be able to be dismissed.

CIOBO: Madonna, from a Coalition perspective welcome back red tape. I mean, what's crystal clear from this is it's easy to roll off the tongue and say well it's going to be a simple system but the fact is, Madonna, the vast majority of problems are when an employer says that's it, you're fired and I've complied with the code and the employee says no, you haven't complied with the code. All of a sudden it's one person's word against another, it trots off to court or do a tribunal...

EMERSON: It doesn't go to court.

CIOBO: Or to a tribunal and you end up with go away money having to be paid and an absolute legal nightmare.

KING: Very quick response to this. There's a book out saying Kevin Rudd is a big swearer in private. Craig Emerson, you've shared many private meetings with him. He sworn at you?

CIOBO: Tell the truth Craig.

EMERSON: I have heard Kevin Rudd swear. I have.

KING: Is that bad?

EMERSON: And I've heard myself swear and I've heard lots of other people swear too.

KING: Does it matter if the Prime Minister swears Steven Ciobo?

CIOBO: Madonna I don't, but what matters is whether a public persona is the same as the private persona. What's very clear with Kevin Rudd is that the product that people saw in their catalogue is very different to what's actually been delivered and this goes right back to the fact that this Prime Minister is a very different man privately to the public belief.

KING: Do you believe he's different publicly...

EMERSON: No I don't and any politician who swears privately doesn't have to prove his or her metal by swearing publicly just to show that I'm the same person privately and publicly. What a ridiculous proposition.

CIOBO: Well it's a bit more than that though. It's about the way that this Prime Minister holds himself. It's not about swearing per se, it's a broader topic and that is that this Prime Minister presents himself as being very different publicly to what he actually is in private.

KING: It would make for a very interesting interview if he let go during an interview wouldn't it?

CIOBO: Yes, possibly.

EMERSON: I did in our last interview and I got admonished by you. About kicking Blue bottoms.

KING: Yes, bottoms, butts we say. Bottoms or butts. Gentlemen, thank you.

EMERSON: Thanks very much Madonna.

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