



# Minnows all ears to minister's tough talk



**Jennifer Hewett**

National affairs correspondent

CRAIG Emerson might be a strong defender of the importance of small business to the Australian economy. But he's certainly not going to be giving out a lot of special assistance to it while he's its minister.

Labor's first budget made that very clear, with cuts ending up at close to \$1 billion over the four years in the various existing programs for small business.

But it also fits neatly with the attitudes expressed by Emerson over what is now a very long time in politics. "It is just an economic reality that in a budget where there is an economic imperative to rein in spending, we are not going to be able to spend large extra amounts on small business," he says.

That includes being unapologetic about abolishing even a major program like Commercial Ready, which was supposed to boost innovation and commercialisation through about \$200

million worth of grants to small and medium-sized businesses.

There's particular irritation about eliminating the field officers whose flexibility used to help small business, particularly in regional areas. That's even if the Rudd Government is directing its efforts into supporting 36 business activity centres.

"In an ideal world, all that and more," Emerson says.

"But that is in the fairy tale world of *Alice in Wonderland* where the more you spend, the more you have to spend. That appears to have been the economic textbook the previous government used."

In fact, the favourite line from the Emerson textbook seems to be that the biggest favour government can do small business is to get out of the way.

"You can come up with programs for small business but if they are being hit by rising costs and rising interest rates, they are of little practical benefit," he says.

That balance might become extremely sensitive with his con-

stituency if the economic outlook does suddenly deteriorate later this year.

So far, though, that sort of tough talk doesn't seem to have done Emerson any harm with small business lobby groups. It's particularly striking given the traditional doubts of small business towards the agenda and attitudes of a Labor government.

Council of Small Business of Australia chief executive Tony Steven praises what he calls

Continued — Page 30



**Practical:** Craig Emerson



## Minnows all ears to tough talk

From Page 29

Emerson's "informal but connected" approach.

"Our relationship is closer and our message gets through more easily," Steven says of the council's access to government.

"His way of operating is refreshing and should provide opportunities for all of us."

Even the small business unease at Labor's approach to industrial relations in general and unfair dismissal laws in particular is being treated with caution.

Steven says small business is still concerned about industrial relations but has been engaged in discussions over the new laws and will wait to see how they turn out.

But Emerson's greatest passion seems to be cutting regulation and red tape, a drive he shares with Finance Minister Lindsay Tanner.

That's partly a reflection of Emerson's earliest political experience in Canberra as well as his view developed while pursuing a PhD in economics as he moved steadily towards a pro-market philosophy.

It is Labor, he argues, rather than the Liberals who are really in favour of an open, competitive economy.

"Being pro-competition makes me a Labor person in the modern tradition," he insists.

It also demonstrates the complicated Emerson political connections that now date back more than two decades.

In the early days of the Hawke government, Emerson worked for senator Peter Walsh, the Labor finance minister renowned for being drier than a paddock in drought.

He then worked for Bob Hawke in the Prime Minister's office before moving to Queensland to run the Department of the Environment. He met

Kevin Rudd there and it wasn't all just business. Rudd and Therese Rein and Emerson and his former wife used to go to dancing lessons to learn the art of the rumba and the cha cha.

The Rudd duo, he says modestly, were much better. "I let our team down," he laughs.

There are other parallels. Both men formed their own consulting businesses while waiting to win federal seats — which they both did in 1998. Both became regulars, along with Tanner, at events put on by the Centre for Independent Studies. Many Labor colleagues regarded the think-tank's agenda as far too right-wing and too closely allied with the Howard government. They still do.

"I like Greg Lindsay a lot," Craig Emerson says firmly of the CIS founder. "He happens to have a view that generating prosperity is a pretty handy way of generating the capacity to support the ending of social disadvantage."

As does Emerson, although trying to achieve that in government often demands compromises. His full title is Minister for Small Business and Independent Contractors and the Service Economy as the Minister assisting the Finance Minister on Deregulation.

So the furore over FuelWatch is very much part of his concerns even if he is not in Cabinet. It will certainly add to regulation, particularly for small service station owners. And it hardly fits with the mantra of promoting more market-driven, long-term economic competitiveness as part of tough structural reform.

But like everyone else in the Government's front bench, Emerson now looks extremely uncomfortable at the subject even being raised.

He prefers, he says, not to discuss that issue in detail. The Government's position is clear.

Quite.