

MEET THE PRESS

14 JULY 2013

INTERVIEW WITH CHRIS BOWEN

KATHRYN ROBINSON, PRESENTER: Hello, and welcome to Meet The Press. I'm Kathryn Robinson. The controversial carbon tax will be scrapped within days. Reports this morning in News Corp Australia papers suggest that Kevin Rudd will finally axe the tax, as he clears the decks for the Federal election. The move promises to slash household electricity prices – but will it leave the Federal Budget with a massive black hole? We'll ask Treasurer Chris Bowen, when he joins us this morning. Also – exclusive polling reveals exactly what the burning issues are for voters, as they prepare to eventually head to the polls – and they're not what the major parties seem to think they are. We meet the new generation of lady tradies – the women smashing stereotypes to help ease the national skills shortage. Also, no free pass – Quade Cooper says he isn't hanging his hopes of a Wallaby jersey solely on the shoulders of a new team coach.

QUADE COOPER: The coach has to pick a team. They have to pick a certain amount of players, and if you're lucky enough to be one of those guys, then great. If you're not, then work hard at it. It's an ongoing challenge to be in a team.

KATHRYN ROBINSON: And the hero of Trent Bridge – is Ashton Agar the heart-starter Australian cricket desperately needed?

COMMENTATOR: Wow. They're just not learning, are they? They're really not learning. Standing ovation, all around the ground, and richly deserved.

KATHRYN ROBINSON: First this morning – the carbon tax has dogged the Federal Government, since it was controversially introduced as a broken election promise in 2010. Now, in a bid to reclaim Labor's heartland, Kevin Rudd will this week scrap it – with Federal Cabinet agreeing instead to fast-track the planned introduction of an emissions trading scheme to July 1, 2014. It's being sold as a way to ease cost-of-living pressures on Australian families, but tough spending cuts will need to be introduced to offset it. So, how will the Government pay for it? Treasurer Chris Bowen is our guest this morning. Also with us – political editor of news.com.au, Malcolm Farr, and from 'The Australian,' Adam Shand. Good morning to you all.

MALCOLM FARR: How are you, Kath?

ADAM SHAND: Good morning.

KATHRYN ROBINSON: Treasurer, thank you for your time this morning.

CHRIS BOWEN: Pleasure.

KATHRYN ROBINSON: We all know we're in a fiscally tight spot at the moment. How much is scrapping the carbon tax going to cost?

CHRIS BOWEN: Well look, it's no secret, Kath, that we've been looking at this, that we're heading in this direction, because Kevin Rudd feels it is an important part of our positive plan for our economy – managing the transition from the mining boom to the post-mining boom phase, and also providing cost-of-living pressure for families. It does mean spending cuts do need to accompany it, and we'll be announcing those. Now, what we will be doing is making no change to the household assistance plan, which accompanied the introduction of the price, and we'll be announcing the details in coming days.

KATHRYN ROBINSON: So the compensation stays, that was associated with it – but what about single mums, what about unemployment benefits – are they in the firing line?

CHRIS BOWEN: Well look, obviously we understand very much the cost-of-living concerns in the community. We understand that very deeply, and so any revenue decisions we make, any spending decisions we make, will have that front-of-mind. I think that will be clear when we announce the details of the package in the coming days.

MALCOLM FARR: So we can expect the Bowen austerity program, can we, over the next couple of weeks?

CHRIS BOWEN: No, what you can expect is very sound and responsible fiscal management, and that means the Expense Review Committee of the Cabinet, working very methodically through the options, and making sensible but tough decisions. It means ensuring that our strategy of returning to surplus over the economic cycle, balance in 2015-16, is adhered to. So it is a challenge, but you will see the Government taking the same approach as we have, bearing in mind the cost-of-living pressures on families, keeping the household assistance package in place, and ensuring that any measures which take are sensible and measured.

ADAM SHAND: Tony Abbott's called this a con job from Kevin Rudd. Can you guarantee families will actually be better off?

CHARLES WOOLEY: Look, I think families will see a big benefit in what we're bringing forward. And it's a bit rich for Mr Abbott. You know, his policy is to subsidise polluters, and to pay for it by whacking a tax on Coles and Woolworths and other big companies in Australia, which will inevitably flow through to cost-of-living. So we're not going to be lectured by Mr Abbott about cost-of-living pressures, when he's proposing a great big new tax to subsidise people who are already polluting, in a scheme which every expert says will actually not reduce emissions, but will increase the pressure of cost-of-living on in Australia.

MALCOLM FARR: Treasurer, you will have done some back-of-envelope calculations. Would an estimate of the revenue foregone be around \$4 billion to \$5 billion? Would that be pretty close?

CHRIS BOWEN: Look, obviously, Malcolm, as I said, we'll be announcing full details in the coming days. There is –

MALCOLM FARR: I'm not after details, just a very round figure – four, five?

CHRIS BOWEN: There is a substantial impact on the Budget of doing this, of course there is, and it is several billion dollars. But we will be financing that in a fiscally responsible way. The Prime Minister made it clear that we need to do this, but we need to do so in a way which protects the integrity of the Budget. So we've been working through that carefully, methodically, looking at the options, weighing up the impacts. And when you see the package announced, I think you'll see that work in fruition.

MALCOLM FARR: Okay, so the whole package, with – I mean, it's almost going to be like a mini-Budget, isn't it?

CHRIS BOWEN: No, look, obviously this is an important question, but in terms of its percentage of total Government revenue, it's just one part of an entire package. So I wouldn't describe it in those terms, no. It's a sensible measure. Of course, we've believed in an emissions trading scheme for a long time. We've believed that. We went to an election promising that. For a while the Liberal Party believed that, and then they flip-flopped. Tony Abbott has believed that – he's said on several occasions he's supported an emissions trading scheme. Now, he's taken a completely different position. So what we're seeing is an emissions trading scheme being implemented earlier than was originally envisaged, because as I say, we're seeing big changes in the Australian economy, big challenges, headwinds coming our way. We think this is important in terms of supporting the non-mining sector, in getting that investment up, letting manufacturing and services grow, as the mining boom comes to an end. We also think it's important to provide some cost-of-living relief to families.

ADAM SHAND: Well, how much will you guarantee that families will be better off? I mean, there's talk about \$50 a year on power prices and so forth, can you –

CHRIS BOWEN: I've seen those figures, and they're broadly right. But of course it will vary from family to family – it will depend on the family's circumstances, on individual electricity use, on how much they use different, you know, appliances. So it will all vary from family to family, and of course I'm sure you'll see all sorts of examples of that coming out in coming days.

KATHRYN ROBINSON: Treasurer, you've just mentioned several billion dollars, this is going to take a hit to the bottom line, but you're confident that we will return to surplus in 2015-2016, so we will not see a deficit?

CHRIS BOWEN: That's our strategy, Kath. What we – we think it's important. Now, if we rush to surplus this year, that would be a hammer-blow to the economy. It would see economic activity fall. By the same token, we do need to be returning to surplus over the cycle. And what we've said is we stick to the strategy of returning to balance in the financial year 2015-16, and then moving to surplus after that. Now of course, those things don't come easily. There are tough decisions to be made to ensure that's the case, and tough decisions, like the process we're going through at the moment, to say we think this is the right thing for our positive plan, for our economy, to move to a floating price earlier, but it does mean some decisions along the way.

ADAM SHAND: But how much is out of your control, given that the conditions in our trading partners in Asia actually are worsening? We're seeing deteriorating forecasts. So how much is actually out of your control?

CHRIS BOWEN: I've been calling that as I see it, in my first couple of weeks as Treasurer, and I agree with you. There are headwinds that we need to deal with. We are seeing growth in China start to come off. We're seeing the Chinese Central Bank make some decisions to try and deliberately reduce growth in China. We're seeing Europe go through a continued recession, and much deeper than might have been thought, even a couple of years ago. We're seeing the United States start to pick up, but still a fairly anaemic recovery for the type of recession that they've been through. So there are challenges, and that's impacting on our terms of trade, that's right. We're seeing terms of trade fall by about 27% from their peak in 2011. Terms of trade, of course, being what the rest of the world is prepared to pay us for what we make. So that does mean, that's an indication of what Kevin Rudd and I have been saying, that the Chinese mining boom, the investment boom, is coming to the end. That means we need very careful economic management in place – not cheap slogans, not one-liners – we need careful economic management in place. We need a positive plan which sees good jobs being created for the future. We need jobs in other sectors. We need good jobs in manufacturing – high-tech manufacturing. We need good jobs in the services sector, in our financial services, mining services, construction services. We need a plan in place. That's what we're doing. And what we're seeing today is one element of that plan.

MALCOLM FARR: Okay, will you be doing more than just changing the schedule for the carbon price? Will you be changing the actual system itself in any way?

CHRIS BOWEN: Well, when you go to a market price, Malcolm, that means you go to a floating price, and the market determines the price. Now, we're seeing the price in Europe at the moment, about \$6 a tonne. Now of course, that will – the very nature of a market price means that it moves around. Now, you would expect the Liberal Party, the traditional party of the markets, to support a market price, but they have this silly policy of subsidising polluters and then whacking a tax on Australian families, through Coles and Woolworths, and other Australian companies.

MALCOLM FARR: But the Europeans also have more protection for their industries – are we going to match that sort of program as well?

CHRIS BOWEN: Well of course, we announced an industry assistance plan when we announced the original carbon price. Of course, that will be calibrated to match new arrangements – of course it will be.

ADAM SHAND: Might we see a return to some protectionism here? You might lose Holden this year, Toyota might follow. Manufacturing is taking a lot of hits. I mean, is there a chance we might see a bit of a return to protectionism?

CHRIS BOWEN: No, I wouldn't put it in those terms at all. This Government doesn't believe in that sort of approach. What we do believe in is working cooperatively with business, and with unions, to ensure Australia is competitive, to ensure that we can compete based on our skills – not a race to the bottom on wages – but based on our

skills and our innovation. Now you refer to the car industry. The car industry does have special measures in place, because around the world you do see almost every Government in the world, where there's car manufacturing, providing support. And so if you are going to compete, you need to bring that into account. You also need to have a look at the car industry and say well, this doesn't only employ lots of Australians, but there's lots flow-on effects for people who work for providers for the car industry. And the car industry's important in terms of innovation. So you do need to take all those factors into account. But I wouldn't see it as a return to protectionism – far from it, this Government's had a longstanding commitment to ensuring that we're competitive, and particularly Kevin Rudd's approach is to bring people in – not be in the corner shouting at each other – business versus unions, engaging in a war of words – but to try and unite Australia, and unite Australia's economic players in a combined vision for a more competitive, better economy.

KATHRYN ROBINSON: Treasurer, if we are going to compete, then businesses need confidence, and that's what they're crying out for at the moment. They want an election date from you, from Kevin Rudd. When are you going to hold the election?

CHRIS BOWEN: Well Kath, there's this radical thing called a Constitutional Convention, which is, when the Prime Minister has decided on an election date, he goes down and tells the Governor-General, gets her agreement, does her the courtesy of talking to her first, makes sure that she's happy with that date, and then goes out and announces it. It's not a very new or radical thing for Kevin Rudd to say this is the method which I'll be following.

KATHRYN ROBINSON: But wouldn't it be better to put the speculation to bed earlier that rather than later, so it's not a distraction?

CHRIS BOWEN: No, I don't think so. Everybody knows we're having an election this year. Everybody knows that. Everybody knows the rough window in which it can be held. It is entirely appropriate for the Prime Minister to keep the options for an election date between him and the Governor-General, and then to announce it. Now, of course, he'll take soundings amongst senior colleagues, is the approach he's taken so far on the big questions before the Government. Of course he'll do that. He'll go and see the Governor-General, pay her the courtesy and respect due to her, and her office, and then make an announcement.

KATHRYN ROBINSON: Alright, we need to take a break right now, but do stick around. There's plenty more to talk about after the break. Chris Bowen never wants the Labor Party to be left begging for power again. Next – his plans for Labor reform.

MEET THE PRESS

14 JULY 2013

INTERVIEW WITH CHRIS BOWEN

KATHRYN ROBINSON, PRESENTER: Welcome back. You're watching Meet The Press. Jump online and join in the conversation, either on Facebook or with the Twitter hashtag #mtp10. Well Chris Bowen has been a winner and a loser, during

Labor's ongoing leadership infighting. A staunch backer of Kevin Rudd, he resigned from his Cabinet position after the failed leadership coup in March, and took up his seat on the backbench. Three months and a new PM later, he holds one of the Government's most senior roles. So it's not really any surprise that Mr Bowen thinks his party needs serious reform. Back now to our guest this morning, Federal Treasurer, Chris Bowen. Treasurer, reforming the ALP was a big part of your book, particularly in the way that a leader is elected. We've seen Kevin Rudd take up those recommendations or ideas, if you like. Can you guarantee to Australians that we won't see the leadership tussles within the ALP that we've seen over the last few years, ever again?

CHRIS BOWEN: I think that's what these reforms are all about, as well as making a more inclusive, open, and welcoming party. And I do think the Labor Party needs to modernise. Our structures are based on the 1950s, 1970s – as are the Liberal Party's. But we want to be better than that. We want to have a modern party, a party which is inclusive, and welcoming of all. Of small business people, of unionists, of students, of managers, of shop floor workers – people of all walks of life and backgrounds. And part of that means modernising the way we elect our leader. It's one of our most important decisions. And that means it shouldn't exclusively be the role of the Members of Parliament. We should play a role, but it shouldn't just be our role. We want party members to play a role in that as well. It's a reform that I've supported for a long time. It's a reform that Kevin Rudd has supported for a long time, and I strongly support the announcements he's made. In addition, it also means that when Kevin Rudd goes to the election, as Prime Minister, the Australian people have there, in the Labor Party rules, a reassurance that he will be Prime Minister through the term, just as it will be the case for every election. Tony Abbott could still be, you know, challenged by Malcolm Turnbull, or Joe Hockey, or anybody else, under their rules, quite easily. Our rules – if and when the Caucus endorses these rules, as I expect they will, in the next week – mean that the Australian people will have much more certainty about the method for electing the Labor leader, and the fact that a Labor leader who goes to the polls as Prime Minister, and wins that poll, will remain Prime Minister.

MALCOLM FARR: Can I go to the mechanics of your proposal, as I understand it? You mentioned the similar system in the British Labour Party, and you said that contenders or candidates crisscross the country. Now, to crisscross Australia to talk to rank and file, you've got to have a fair bit of dough behind you. Doesn't that mean that the most successful candidates will be well-heeled? Doesn't that further mean that the most successful candidates also be union-backed, because they're the people with the dough?

CHRIS BOWEN: No, I don't agree with that, Malcolm. I mean, I think you can engage with people in such a way that you don't need a massive war chest behind you. What I'm talking about in the UK is – for example, in 2010, the British Labour Party lost the election. Gordon Brown vacated the field, and there was a very strong contest of very talented potential replacements – the two Miliband brothers, Ed Balls, and a few others. And they had a series of debates, they went around, engaged with people about their vision for their Labour Party. And Labour Party membership went up. I mean, the party was reinvigorated after one of their worst defeats in history, because of this process, because people felt included, because people may have

preferred one candidate over the other, but they liked the fact they were having a say. Now, I proposed, and Kevin Rudd has proposed, a slightly different model to the British model, but the principle is the same – sharing the power, so that we can be a bigger, broader, more inclusive party. And I think when we do this, frankly, I think the pressure will then be on the other political parties. The Labour Party did this in Britain first – now the Tory Party, and one of the most conservative political organisations in the world, now gives their members a say in who should be their leader. So, will the Liberal Party really be able to resist this reform, going forward? I don't think they will be either.

MALCOLM FARR: So you won't need a whole poultice of money to win?

CHRIS BOWEN: No, I don't think so.

MALCOLM FARR: Okay.

CHRIS BOWEN: I mean, you can travel around Australia.

MALCOLM FARR: Yep.

CHRIS BOWEN: You can go to debates, you can do internet forums and chat rooms and engage with people, and invite people into the party, and put your vision forward. That's how I see this system working, and I think it will be a shot in the arm for Australian democracy, and Australian politics.

MALCOLM FARR: Okay.

ADAM SHAND: Tony Abbott published his book 'Battlelines', as a prelude to his leadership ambitions. How much is this Chris Bowen's manifesto for future leadership?

CHRIS BOWEN: Not at all. It's my ideas, it's my contribution. It's my contribution to what I think is an important debate. It's – I think the book is about the Labor Party, but it's also about Australia. What sort of Australia do we want? I think we want an Australia that believes in growth and opportunity. Growing the pie, making it bigger, making our economy stronger. That's what this Government believes, and that's what the Labor Party believes, and that's the argument I put in the book. Also, opportunity – making sure that everybody, every individual, regardless of where they come from in Australia – whether they be an indigenous child in the outback, the son of a single mother in Melbourne, or the daughter of a merchant banker in the North Shore of Sydney – everybody has the opportunity to grow, to be everything they can be, that education's available to them, that lifelong learning is available to them, that good health outcomes are available to them. That's what the Labor Party brings. We bring that belief in growth, and the belief in opportunity. The Liberals understand growth. But they don't understand opportunity. The Greens don't like economic growth. So Labor is the only party which brings that belief – making the pie bigger, and caring about who gets the opportunities in Australian society.

MALCOLM FARR: Mr Bowen, just on another matter, we've had another dreadful asylum seeker tragedy, and it's coming up to the second anniversary to the wrecking

of the Malaysian Agreement by the High Court. What can be done? What will the Rudd administration do, in detail, to prevent these boats coming, at such risk?

CHRIS BOWEN: We've seen far too many of these tragedies. I've said this many times, and many people look at this debate, and say we have to have a compassionate approach. There's nothing compassionate about what we're seeing on our shores, with these tragedies. We've seen another little baby boy lose his life. So this is a reminder, if we needed one, that we need to constantly adjust our policies to respond to what is, I think, an insidious trade of people smuggling. I've said this before, and I'll say it again – we do need to have an approach which discourages people from getting onto boats to come to Australia. Now, we did have the Malaysia Agreement, it's an agreement I think would have made a huge difference to stopping this. The High Court made its decision, and then the Liberals and Greens combined in the Parliament to block it. Now, I think that is a great shame, but it means the Government must adjust and respond accordingly. And of course, that's what we'll continue to do.

KATHRYN ROBINSON: Treasurer Chris Bowen, I am afraid that we are out of time, but thank you very much for joining us today on Meet The Press.

CHRIS BOWEN: Thanks, Kath.

KATHRYN ROBINSON: And to our panel, Malcolm Farr, Adam Shand, good to see you both. Thanks for your time.

ADAM SHAND: Thank you.

MALCOLM FARR: Thank you, ma'am.

KATHRYN ROBINSON: Okay, coming up next on Meet The Press – Twitter's winners and losers. Social media rates – which party leader resonated with Australians the most this week?