

HD Interview with Alan Jones, 2GB Sydney

WC 4.343 words

PD 12 November 2014

SN ForeignAffairs.co.nz

SC PARALL

LA English

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Source: Australia Government Ministerial Statements - Press Release/Statement:

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Headline: Interview with Alan Jones, 2GB Sydney

PRESENTER:

Just tell these poor hard working taxpayers that are listening to you out there that the meeting in Brisbane is going to be a bit more than the most expensive display of police and protesters and politicians, it's going to cost \$470 million.

TREASURER:

It's a lot of money and Tony Abbott and I resolved at the beginning of the year that it was not going to be wasted, that we were going to ensure that we could lay down a deliverable platform for the global economy that would flow right through to the Australian economy, to the small **business** person on the corner in Australia, so that they understand that what we're doing is helping to shape greater prosperity and greater job opportunity for the future.

PRESENTER:

So what you did, you went to Washington D.C. in early October to put this agenda of reform together, one of the goals was, which wasn't agreed to by Germany and others I might add, but to make the world economy 1.8 per cent bigger and those five year forecasts, I think you said, would create millions of jobs.

TREASURER:

Actually, it was the Sydney Declaration at the beginning of this year and I met with the Finance Ministers and Central Bank Governors of the world and said we need to have a **firm** target. The IMF and OECD said look two per cent is deliverable but it is ambitious, and yes, there was resistance from the Germans and others, they don't like a target like that, but a two per cent target delivers an extra \$2 trillion. I mean, you talked trillions earlier Alan, \$2 trillion to the world economy, at least an extra 20 **million** new jobs, but importantly, that flows through to Australia through our trade relationships, because the stronger our trade partners are, the more demand there is going to be for what we produce in Australia, not just resources, but importantly our services like education, health.

PRESENTER:

So, if their economies grow there will be a greater demand for our products?

TREASURER:

Absolutely, and I'll give you one good example, Alan: **iron ore**, which you correctly identified, the price has fallen 30 per cent since the Budget. \$1 in every \$5 Australia earns in exports comes from just **iron ore**. Now, when that falls, it affects our income as a Government, it affects our income as a nation. So, what we've got to do is diversify. Seventy per cent of the Australian economy is services, but it represents only 17 per cent, only 17 per cent, of our exports. So, if we can lift our services exports...

PRESENTER:
Sell education.
TREASURER:
education, health, tourism, financial services, financial advice, accounting services, our technology and architecture and building. We're damn good builders, we've got great farmers who have techniques that are able to be sold to the rest of the world. If we start to sell our services, then that increases dramatically the wealth of Australia. That's why, you know, I know you have concerns about a free trade agreement, I want to emphasise to you, it is opening up new doors for Australian services in Asia because the biggest opportunity our nation has ever seen, ever, is the emergence of two billion people into the middle class in Asia in the next 30 to 40 years. They are going to want the same lifestyle that we have, and what we want to do is sell them the opportunity to have that lifestyle with our brains and with our capacity to [inaudible].
PRESENTER:
Yeah, I think what people object to, and I object to very strenuously, and we can't get any sense out of you people in Canberra, you don't seem to understand the difference between investment and ownership. I can give you a list as long as your arm of Australian dairy farmers and pastoral centres and all those outfits being just sold out. Now, Australians won't cop this, they just say: 'what the hell is going on?' On the one hand you talk about investment, this is not investment, this is ownership, for example, people are saying: 'Alright, part of the Free Trade Agreement with China is, China are saying: 'well look, [inaudible] for state owned enterprises, a limit of \$1 billion'
TREASURER:
Don't assume that.
PRESENTER:
Well, that's what they want.
TREASURER:
Well, don't, Alan.
PRESENTER:
Why can't us dumbbells Joe, here's a good question, why can't dumbbells like us read a copy of these agreements before they're approved? The Prime Minister is going to wave a piece of paper around next week and say, 'this is the Free Trade Agreement, we've signed it', then after the event if we struggle and go onto the internet we might get a copy of it.
TREASURER:
No, no, no.
PRESENTER:
Why aren't these things tabled and debated in the Parliament before they are signed off?
TREASURER:
Because the Agreement with China would only be an initial stage. It requires the approval of the Australian Parliament, like the American Free Trade Agreement, there is no difference. I can tell you, we don't get a rubber stamp out of the Australian Parliament

PRESENTER:

But, Tony Abbott, last year, told President Yudhoyono he welcomed foreign investment in agriculture. Foreign investment, they were his words. Well, Indonesia obliged, two Northern Territory cattle stations were sold to the Indonesian agribusiness giant [inaudible] for foods. They have then taken this investment into other stations around the country, don't worry, it was only 550,000 hectares, only 40,000 head of cattle, don't worry. Indonesia's Trade Minister last year said, '1.5 million hectares mightn't be enough to ensure that we get self-sufficiency in the modern era', he said 'raising cattle for a nation of 240 million people will require a huge area of land', so good old silly Australia will let him buy it. You walk up to China tomorrow, to Beijing, you can't buy [inaudible] land, you can't buy a broken down dining room table.

TREASURER:

You're right, well, you could probably get a dining room table, but I don't know about the land, you wouldn't be able to get the land under it. But Alan, I hear what you say, and that's one of the reasons why we went to the election and we are going to deliver on our promise to reduce the threshold for foreign investment approval for agricultural land in Australia. Now, we are developing a register, the first thing is, we have got to know who knows what. At the moment the states don't keep the detail...

PRESENTER:

It's a long time coming.

TREASURER:
well part of the problem is, I was trying to cut the red tape associated with notification and get the state on board through their land titles offices, but I've virtually given up on that, now I'm going to have to set our own register.
PRESENTER:
Let me tell you, Treasurer, in 2011-2012, the Foreign Investment Review Board , approved the sale of 10,703 Australian assets worth \$170 billion to foreigners, they rejected 13 - 13 were all residential real estate . The Foreign Investment Review Board has never said no to the sale of agricultural assets to foreigners.
TREASURER:
Hang on.
PRESENTER:
Cubby Station.
TREASURER:
Hang on, Alan.
PRESENTER:
l' <mark>m</mark> hanging on.
TREASURER:
I was heavily criticised for my decision in relation to GrainCorp - do you remember that?
PRESENTER:
That wasn't agricultural land.
TREASURER:
Well, it was agricultural.
PRESENTER:
It was a brilliant decision by you, but it wasn't agricultural land.
TREASURER:
But you recall, I did make that decision.
PRESENTER:
I do, I gave you the wrap.

TREASURER:

Gee, I got plenty of criticism along the way, but it was the right decision for Australia and look I'll continue to make the right decisions, but...

PRESENTER:

Yeah but hang on, Cubby Station, not your decision, but now majority owned by China. Cubby Station is the largest irrigation farm in the Southern Hemisphere, 93,000 hectares, a water capacity [inaudible] of Sydney Harbour, we now pay China tens of millions of dollars to buy back our water. Believe that. What do you think out there in struggle street they're thinking about that?

TREASURER:

Alan, you know, the good news about Cubby Station, and let's move aside from that decision, the good news about Cubby Station is that they've actually invested a lot there and as I understand it, increased the employment in a relatively rural and remote part of Australia. But having said that, I don't want to lose the opportunity (inaudible) prosecute the case that if we can get more services into the Asian market...

PRESENTER:

I agree, we all agree with that.

TREASURER:

...our opportunity into the future is amazing. We can have, in Australia, the next Alibaba, or the next Google or whatever it is. Not just on the internet, but in manufacturing, high end manufacturing, so what we've got to do, Alan, we've got to open up the market...

PRESENTER:

We all agree with that.

TREASURER:

... because, you know, I grew up in a family of small **business**, right. The best thing you can do is have more customers come in the door, right. What we are trying to do, we are working damn hard at it, to get more customers coming in the door...

PRESENTER:

That's terrific, services - terrific.

TREASURER:

...out of Japan, Korea, China, and also through the G20 opening up Australian services to the world.

PRESENTER:

Yes, we agree entirely. But you've got four items on this agenda and I congratulate you, in fact, I should tell my listeners, that the chairman of J.P Morgan Chase International, and the former Governor of the Bank of Israel, and an economist, this bloke is at the University of Chicago, whom Treasurer knows, Jacob Frenkel, has said, in relation to the one year presidency, 'Australia's presidency has been exemplary', in other words, there are four items on the agenda that they are going to address this weekend, but, one of them is economic growth, now how do you grow the Australian economy when we have got a Chinese buyer which has purchased Raven Hill, one of West Australia's biggest dairy farms, a Chinese sovereign wealth fund bought three large Tasmanian dairy operations worth more than \$200 million. Wouldn't it be sensible to say, 'we want you investing but we are going to own the product, (inaudible) and we will export that stuff to Asia and we will get the benefit'. No, we will sell the farm and they then milk the cows, take the milk and they put from our paddock to their plate. Why are we just surrendering this land to foreign interests?

TREASURER:

Alan, we're going back to the same point. In relation to growth, the two per cent global target on growth, it involves many things. It involved infrastructure investment, which helps to make the economy more productive, such as initiatives like WestConnex in Sydney, which are going to help...

PRESENTER:

Infrastructure is on the agenda too.

TREASURER:

...It's a huge part of the agenda - and Australia is a leader in that regard. We are very hopeful, out of this weekend, Australia will host the global infrastructure hub. Now, the biggest demand in the global economy

over the next three or four decades from government will be for infrastructure, and we are going to take an intellectual property lead in this regard, which is an amazing outcome out of the G20 this year. Secondly, we have very strong views that companies should pay tax where they earn the income, no matter who they are or where they're from, and we are also leading a crackdown on global companies that are obtaining income in a jurisdiction like Australia, but not paying tax here. It's got to be a coordinated global effort, and that's hugely important. The third thing is, financial services, you know, out of the Global Financial Crisis, all of these people wanted to regulate the life out of banks, and what happened is banks clam up. And you're seeing it a bit in Australia when it comes to small business lending, thankfully our banks are you know, in a better position than many other banks around the world, we want to free up the flow of money particularly to small businesses and start-up businesses and home based businesses. That's hugely important as well. The fourth area which we were just touching on is that growth target, because Governments have run out of money and Central Banks can't keep cutting interest rates because effectively, the low level of interest rates at the moment makes the rich richer and makes it harder for lower income people to get into the assets. So, what we've got to do is earn growth through reform.

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Okay.

TREASURER:

And that earning of growth through reform includes local infrastructure, it includes opening up markets, it includes opening up trading hours and a range of other things.

PRESENTER:

Now see, there are businesses going to work here now listening to you, and they agree with everything you said about growth, but because we still subscribe to this global warming hoax, we demonise **coal** fired power which has been the source of our massive international competitive advantage. As a result, every businessman listening to you says, as a result of quote unquote 'renewable **energy** targets' which your mate Macfarlane continues to push, the **wind** farms that you can't stand but you don't do anything about stopping them, this goes into the **energy** cost. They're saying, 'hang on, I heard the Treasurer says he wanted economic growth, I could grow my **business**, I could employ more people, if I wasn't paying these exorbitant prices for **energy**, because of public policy which says we must have 20 per cent of all **energy** based on these Renewable **Energy** Targets because carbon dioxide is pollutant and we'll demonise **coal**'. **China** are not demonising **coal**, Germany are not demonising **coal**, they're building more **coal** fired power stations over there. We're exporting the **coal** to **China** so they can have cheap **energy**, we're ignoring the benefits of it here. The bloke listening to you says, 'well, if he wants economic growth, cut down my costs, that's how you cut my costs, and listen; I'm paying penalty rates on Saturday and Sunday, I could employ more people here, they'd all pay tax and we'd grow the economy'. They say, 'well what are you doing about this Treasurer?' Because this is really struggle street stuff.

TREASURER:

Okay, and I'll start by saying, we got rid of the Carbon Tax, that's a starting point. That's a huge burden - financial burden on businesses. People forget it because it's happened, but my God it has reduced electricity prices, particularly for businesses. That's the start. Secondly, we need to get approval on changes to the Renewable **Energy** Target through the Parliament...

PRESENTER:

Not with Macfarlane you won't. Macfarlane has issued a press release saying we're going to grow the outcomes of the Renewable **Energy** Target.

TREASURER:

Wait a second, I read today that the Labor Party has walked away from negotiations. This is a constant problem we have. As you identified early in this interview, the Labor Party is not prepared to do what is right for Australia. They are simply playing a political game. They created a mess in the Budget; now they are doing everything they can to stop us fixing their mess. They created confusion with a Renewable **Energy** Target mantra that they've had over the last few years, some of them say it's too high, others say it's not enough, they said they were coming to the table with goodwill, now they're walking away.

PRESENTER:

Your colleague Greg Hunt thinks it's terrific.

TREASURER:

And I'd just say to you Alan, if we are going to be able to deliver the economic growth that Australians want and expect, there has to be community agreement along the way and that relies on our political opponents being mature and sensible including recognising upfront that if they do not contribute to the solution, they are going to end up with a problem some time down the track and we will be in a worse position as a nation. The only way we are going to get prosperity is to earn it.

PRESENTER:

But your leadership means you should be shouting from the roof tops, 'a renewable **energy** target is rubbish, we've got the cheapest power than anywhere in the world', **China** agrees, Germany agrees, you have to **lead**, intellectually, the argument.

TREASURER:

Hang on, I saw Tony Abbott out there the other day saying that...

PRESENTER:

Yeah but he didn't say it over and over.

TREASURER:

Well, he said it pretty loudly.

PRESENTER:

But in the next breath he said, oh but the renewable **energy** target, Macfarlane said, will increase the quotient of renewable **energy** that will go into the grid. See, the Italian Senate in mid-October passed labour market reforms, the Italian Senate, to make it easier for employers to hire and fire workers.

TREASURER:

Yeah, they were starting off a pretty low base (inaudible).

PRESENTER:

Yes I know that. I am simply saying that I had people on this program yesterday, Treasurer, the truckies, who say 'the compulsory third party green slips have gone up by 50 per cent'. The truckies said, 'we're out, we can't continue to employ'. Now, you're talking about growth, I'm talking about the real grass-roots stuff. Energy costs, penalty rates, compulsory third party, this is the stuff that is hindering economic growth in this country. Every time you give someone a job as an employer, you pay a tax, it's called a payroll tax. Every time you give someone a job - how does that make sense? They are the things that will generate growth for us.

TREASURER:

Alan, I totally accept what you're saying. We can't turn everything around on a two bob coin at the moment. I mean, look at what we inherited, look how far we've come in 12 months. There is still a mountain of work to do, we're not giving up on reform. We're not giving up on...

PRESENTER:

What I'm saying, I suppose, to you Joe, is that the simple things. I can tell you the names of developers whom you know and I know, who are there ready, shovel ready, to build thousands and thousands of homes in this state alone - red tape is in the way. You're talking about growth.

TREASURER:

Well, I talked about red tape involving a pizza shop the other day and we all experience that red tape. That's one of the reasons why we've had dedicated repeal days in Parliament. We've got rid of over \$2 billion a year of red tape on business. That's one of the reasons why when I first came in as Treasurer there were 93 announced but unlegislated measures going back to 2001. I had Treasury officials who didn't know what those announced (inaudible) changes meant, let alone trying to legislate it. So we dumped them.

PRESENTER:

You've still got tens of thousands of people in a federal health department, who don't employ a doctor or a nurse.

TREASURER:

The health department in Canberra is a hell of a lot smaller. We've had to reduce the public service in Canberra, as you know I did it in the Budget, it's difficult, these things are difficult. But, we are working our way through them, Alan, because I want to ensure and your listeners...

PRESENTER:

Just going back to housing, do you know the multipliers in housing.

TREASURER:

Oh, totally.

PRESENTER:

Every house that goes up, someone buys a washing machine, someone buys curtains, someone buys a dining room table, someone buys beds, someone buys carpets; the multipliers are factors of five or six. There are developers in New South Wales ready and willing to build thousands. One of them I know, 5,000, another one I know, 6,000, they are shovel ready and the Government, and it's urban taskforce, whatever the hell they are, are saying, 'no, no, no, it can't be done, we're not in the growth areas and there's a line on the map here you can't be there'. You're talking about economic growth. Tick them off and let them get on with the job.

TREASURER:

Well, Alan, I'm not passing the buck, but I am. We don't control zoning laws in New South Wales.

PRESENTER:

I know that but you've got to **lead** the intellectual argument.

TREASURER:

I know that, but that's one of the things we have been doing. Again, one of the embedded costs in housing was the contribution of the Carbon Tax. When we start to reduce those taxes, in the middle of next year, Alan, we're reducing **Company** Tax, for small and medium sized enterprises, from 30 per cent to 28.5 per cent.

PRESENTER:

But **energy** prices. One thing before you go, just one thing, you are making a big push, one of your four at the weekend is infrastructure, which is terrific, because tidy that up, make it, modernise it and that does generate economic wellbeing for everybody. We've got \$1.3 trillion in superannuation. Why isn't some of this going into meeting the infrastructure deficit that is in the country, whether it be dams or roads or railways - \$1.3 trillion. It is our money.

TREASURER:

It's a good question, but partly it is about the fact that over a period of time there wasn't enough direct opportunity for those infrastructure funds to be invested and get a return. For example if they invest they need to get a return for superannuants and unless there is a tollway on a road or unless there's an income stream out of a privately owned railway or whatever the case, they don't get the return. I mean, I would love to sell the National Broadband Network, but the return is quite poor. So, the question is, you've got to form those Public Private Partnerships, that's how we're getting WestConnex going, that's how we are getting a range of infrastructure right across Sydney going and right across Australia going. In fact, on Budget night, I announced the equivalent of eight Snowy Mountain Schemes to be delivered across Australia within the next decade - eight Snowy Mountain Schemes. I've been on this program for years now, Alan, and I've heard your listeners and you say, 'we need a Snowy Mountain Scheme'. We are building eight new Snowy Mountain Schemes in the next decade in Australia as a result of what we announced in the Budget.

PRESENTER:

But no person listening to you can nominate one of them.

TREASURER:

Well, WestConnex is an obvious one, Badgerys Creek Airport is part of it as well, which should be Lawrence Hargrave Airport, and you know, there are projects right around the country.

PRESENTER:

Will any Government money go into Badgerys Creek Airport?

TREASURER:

Well, the land is our land.

PRESENTER:

But you haven't had an expression of intention. (Inaudible)

TREASURER:

There is a huge amount of road infrastructure going into western Sydney on a scale that western Sydney has never seen. We are delivering but there is much work to be done.

PRESENTER:

I agree, one thing I would say, and people say, 'oh well, what about New Zealand they are sort of leading the way, they are the example to Australia', I would say one thing about that because this bloke in very difficult circumstances is doing one hell of a job that none of us would want; the difference between Joe Hockey and Tony Abbott and New Zealand is that New Zealand doesn't have a Senate. The one reason we look red hot, which we do, Bishop, Abbott look red-hot on the international stage, in foreign policy they don't have to have anything they're saying vetted by a Senate, which by and large, many of these people are brain dead. None of us would want this job because getting the things done is terribly difficult, it's got to go through the - the time wasted trying to get these people onside is unbelievable, but, that's the nature of the system. Good to talk to you, good luck at the weekend, you're meeting all the heavyweights, I hope you can get your four point agenda through.

TREASURER:

Well, it has been a lot of work Alan, but, you know, at every single point, every single point throughout this year, myself and Tony Abbott have been focussed on what is going to help the prosperity of Australia. What's going to help, I mean, you call them, the community, people on struggle street. Well, we are thinking about the corner store, we are thinking about the jobs, and what comes out of this weekend, if we can get everyone across the line, will deliver greater prosperity for every day Australians.

PRESENTER:

Good on you, good to talk to you, good luck.

TREASURER:

Thanks, Alan.

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