



**LEADER OF THE OPPOSITION
THE HON. MALCOLM TURNBULL MP
FEDERAL MEMBER FOR WENTWORTH**

14 April 2009

**TRANSCRIPT OF THE HON. MALCOLM TURNBULL MP
INTERVIEW WITH KIM KLEIDON
ABC TROPICAL NORTH**

Subjects: Jobs for Australia community forum; meeting with the Mackay Regional Economic Development Corporation; Coalition's alternative economic plan; Rudd's broadband gamble; coal industry; Coalition's commitment to renewable energy.

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KIM KLEIDON:

Federal Opposition Leader Malcolm Turnbull is in Mackay today with Senator Ian Macdonald for the Community Jobs Forum. Welcome to Mackay, Mr Turnbull.

MALCOLM TURNBULL:

It's great to be here.

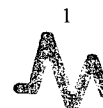
KIM KLEIDON:

Now, what is it you're actually doing? Can you just give a brief overview of what the Jobs Forum is actually about?

MALCOLM TURNBULL:

Well we're meeting at the Mackay Entertainment Centre and first up we've got a meeting with the Mackay Regional Economic Development Corporation at 9:30 and then at 10 o'clock we have a Jobs Forum and there'll be 40 or 50 people there – from local government, small business, employers – there to talk about jobs, to talk about what governments could or should be doing to help them, to make it easier for them to keep their employees on the payroll, to create new jobs to keep their businesses going. Now we've been doing these all around Australia. We must nudging close to 40 by now and they are very, very useful meetings. Really you get a good conversation going. We don't want them to be too big. If we had 200 people it wouldn't work. We want it to be a smallish meeting and we can get a really good discussion. And it's been very helpful to me because it's helped us to form our own small business policy which we announced a few weeks back with some very innovative measures which will help small business and that's really been part of the feedback that we've had from the grassroots.

KIM KLEIDON:



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So are you here to actually give suggestions for businesses or are you here to find out from businesses what they need from the government as far as support goes?

MALCOLM TURNBULL:

Well, it's a two way street. Obviously I'll express my views and people ask my views, ask questions. But what I really want to do is listen to others and learn from others. You don't learn a lot you know when your lips are moving. You learn most when you're listening and listening very carefully, so that's what we're doing and that's why we get a lot of very good feedback. And every meeting, there are familiar themes from every meeting but there are also special... some communities will talk more about training, you know, greater assistance to help small businesses support training their employees. Other meetings will talk more about the importance for government to reduce red tape and reduce the regulatory burden, and others talk about tax and so forth.

KIM KLEIDON:

You've been quite critical of the Rudd Government's handling of quite a few things, including trying to block the stimulus package. What would you have done differently?

MALCOLM TURNBULL:

We proposed an alternative package. We thought Mr Rudd's \$42 billion package was too big. It involved picking up too much debt. We've got to remember that every dollar that Mr Rudd borrows today – and he's borrowing in a way that would make Gough Whitlam and Paul Keating blush – is money that is going to have to be paid back in years to come, and that'll mean higher taxes and higher interest rates in the future. So you've got to look forward a few years and not just focus on what you want to do today. So we thought the package was too big. We also felt that it did not provide an effective incentive for jobs so instead of a big cash splash, instead of sending out \$13 billion as he's done this month, we proposed bringing forward the tax cuts already scheduled for July this year and July next year, for providing real assistance to small business. Another difference between our package and what Mr Rudd proposed – apart from the size, ours was less than half the size – was that the Government would provide relief for small businesses by rebating a portion of the money they pay on their superannuation guarantee contribution. So in Year 1, they'd get back 3 of the 9 per cent. In Year 2, they'd get back 1.5, and that would put over two years \$5 billion of cash flow back into the hands of small business and would reduce the cost of employment. We also proposed spending money on schools as Mr Rudd did but we proposed a smaller amount of money over a different period so that it could be better targeted. But essentially, if you wanted to say what is the difference between us and Mr Rudd, we are focused on prudent financial management. We're not running willy nilly into debt. We believe the Government should incur as little debt as it has to and above all, every dollar should be spent so as to maximise employment.

KIM KLEIDON:

Well that brings us to the next point, with the financial situation, is that why you're opposed to the broadband announcement? You've been critical of Kevin Rudd's approach to the broadband network, is it because of the spending?

MALCOLM TURNBULL:

Well, let me say, I am passionately in favour of broadband. In fact, I'm a great user of broadband and many years ago Lucy and I helped start Australia's first big internet company, OzEmail, which maybe some OzEmail customers still listening to us this morning. So I'm very supportive of broadband, but what I'm not supportive of is Mr Rudd making misleading grandiose statements for which he has no basis. Let's just be clear what he said. He said, before the election, he said he would have a broadband network which would be

fibre-to-the-node, it would be done with the private sector, he'd have a tender and so forth and that would give us broadband around Australia. His tender collapsed and he was left with nothing so what he did without any business plan, without any financial advice, without it being considered by Infrastructure Australia or anybody, he just stood up and said we're going to have a \$43 billion National Broadband Network company, it'll be a private company, it'll be controlled by the Government but it'll be separate from the Government, it'll be commercially viable, the private sector will invest and he went on television and urged mums and dads – his own words – to invest in it.

Now it is very clear – and I've set all this out in an article in *The Australian* today – that this, on the basis of what he said, it is not commercially viable and realistically cannot be. So what he's actually saying is quite reckless and if a company director or a businessman or woman went on television and talked about their business and urged people to invest in their business with so little facts to back it up, they'd be in a lot of trouble with ASIC so Mr Rudd's really been very reckless here. This is not a question of are you for or in favour of broadband. This is a question of are you in favour of honesty in government, prudent decision-making, responsible financial decisions and Mr Rudd has failed on all of those.

KIM KLEIDON:

At 8:45 now, you're listening to ABC Tropical North. My guest in the studio this morning is Leader of the Opposition Malcolm Turnbull. Just on that, have you done a business plan or have you done the sums that might lead you to believe that the plan will fail and won't return any dividend for investors?

MALCOLM TURNBULL:

Well I have actually and I've set them out in *The Australian*. I've done a lot more work on this than Mr Rudd has done. Let me give you an example. At the moment most people who have access to fast broadband, 20 megabits a second, cable broadband for example, chose to pay, go for a slower speed because of price. They pay less. That's because many people don't need very high speed broadband so the market is very price sensitive but let's assume out of the 9 million potential lines that could be connected to this network, let's assume 4.5 million signed up. Let's assume they paid a very big price of \$100 a month. And let's assume \$70 of that found its way to Mr Rudd's broadband company. If you make those assumptions – all of which are very optimistic, both in terms of the penetration, customer support and the price – on that basis, the company would lose \$260 million a year before it has even paid a cent in interest on \$43 billion, let alone a cent in dividends.

Now I've set that out in *The Australian* today and other people can do their numbers but the reality is the people in the industry recognise that this National Broadband Network on the basis that Mr Rudd has proposed cannot be commercially viable so without – well can't be commercially viable full stop. The only way it can happen is with a massive government subsidy, tens and tens of billions of dollars and then the question, Kim, is well, should those tens of billions of dollars be spent on schools or on roads or on water pipelines or on ports or on rail.

KIM KLEIDON:

But don't we need to upgrade those service? I mean they're all part of a lot of what you just said because businesses do rely on those services. Do we want to be left behind as a nation?

MALCOLM TURNBULL:

Well we certainly do not and we are not being left behind in my judgment. Broadband is being rolled out around Australian in metropolitan areas in particular. There is a problem about broadband in regional and rural areas and that's why when we were in Government we entered into an agreement with Optus and Elders for the Opal Project, which would have resulted in broadband being available to 900,000 households who were outside of the big metro areas.

Now that project was cancelled by Labor and if it hadn't been cancelled, it would be well underway. It would be half built by now, if not more. So Labor essentially threw our solution for regional and rural Australia – it would have massively benefited central Queensland for example – they threw that out the window for their own plan. It failed, their tender failed and now they've come up with this fantasy because that is all it is. You see, Mr Rudd did not say I'm going to go and borrow another \$43 billion and build this network, I don't care whether it makes any money or not – he said it's going to be commercially viable and he went on television and urged mums and dads to lend money to it, to buy bonds in it and yet it's perfectly obvious that it wouldn't be able to generate the income to pay the interest on \$43 billion, let alone a return to shareholders.

KIM KLEIDON:

Finally, for more local matters, because you are here obviously focusing on local concerns, the resources industry as far as the coal industry has played a big part in the local economy. How do you see that industry faring given the job losses and, of course, some of the mothballing we're seeing of the coal sector and how does it need to be supported in your opinion?

MALCOLM TURNBULL:

Well, there's a lot of doubt in the global economy at the moment about where future economic growth is going. You're hearing a lot of conflicting reports about what's happening in China at the moment. There seems to be good news out of China, so if Chinese economic activity picks up that will obviously be good for all of our exports, including coal and iron ore.

Generally the biggest local threat to the coal industry is the Rudd Government's emissions trading scheme. This is very poorly designed and it will do enormous damage, massive damage to the coal industry, particularly in Queensland, and you've seen Xstrata, just as one miner has talked about, the thousands of jobs that will be lost, if the Rudd ETS goes in on its current plan. And what's really tragic of course is that your local Labor MPs like Kirsten Livermore and James Bidgood have been...and Mr Trevor in Flynn, have been gagged and haven't been able to speak out in Canberra. So, you know, Labor's local representatives in the Federal Parliament are not speaking up for the coal industry. We believe that it is very unwise and unjustified to put a heavy carbon price on Australian export industries because all that you will do is move the emissions offshore. You see if you make Australia's coal industry less competitive say with the coal industry in Columbia and Indonesia – okay, we mine 100 million tonnes less coal here, they mine 100 million tonnes more in Indonesia. We lose the jobs, we lose the income, we lose the taxes and what happens to emissions? Well, they just go up in the air from Indonesia instead of from Australia.

KIM KLEIDON:

Do you find that that's a little bit contradictory to the Government's terms to try and ratify the Kyoto Protocol? What about solar and renewable energies? How much are you wanting to develop that industry here in Australia?

MALCOLM TURNBULL:

Well, we're very committed to that. As you know, I was the Environment and Water Minister in the previous government and I put a lot of your taxes and your listeners' taxes into renewable energy. In fact, we funded what is the largest and most advanced solar power station that is being built near Mildura. And we doubled the solar rebate for households, which Labor has rolled back and put a lot of money into other renewable projects – geothermal power and so forth.

So there is a very strong commitment to renewables but we have to recognise that the major source of energy for the world for the foreseeable future is going to be coal. Obviously we have to work very hard

and put more resources into clean coal technology. Labor has dropped the ball on that in my judgement. And I have committed that when we are in government we will build two industrial scale clean coal power stations. We have to do that. We have to prove that that technology works. We have a vital interest in that. But in the meantime there is no point putting a heavy carbon cost on Australian industries which are what they call trade exposed which compete with industries in other countries, if those other countries are not going to have the same carbon costs. Because you see, it doesn't matter where a tonne of CO₂ goes up into the atmosphere from, whether it's from Australia or from Indonesia or from Columbia or China. So if we, if as a result of the Rudd ETS, we mine less coal in Australia but more coal is mined in Indonesia, then we have done damage to our economy, we've done damage to the families who have lost jobs in Australia and we've done nothing for the environment because the same amount of emissions are going up into the atmosphere.

So the key thing has got to be a climate change policy such as the one we propose, our alternative, which is economically responsible and environmentally effective.

KIM KLEIDON:

Mr Turnbull, thank you very much for joining me this morning in the studio.

MALCOLM TURNBULL:

Great to be with you.

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