



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
Sky News AM Agenda with Kieran Gilbert

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E&OE

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KIERAN GILBERT: Let's go now to our discussion with our panel this morning, Trade Minister Craig Emerson and the Shadow Health Minister Peter Dutton.

Gentlemen, good morning to you.

PETER DUTTON: Morning Kieran.

CRAIG EMERSON: Yeah, g'day Kieran.

GILBERT: The carbon tax is dominating, Craig. The business community, really, has got a lot of questions.

Heather Ridout says that the jury is out on the government plan. There's a lot of uncertainty, but you're trying to create certainty for the business community, but it's really backfired at the moment.

- EMERSON: I don't accept that at all. The business community does need certainty. The government is determined to put a price on carbon. The business community has been asking since 2007 - indeed, even before - for the design of an emissions trading scheme. That's what we're doing. We've got an initial fixed price permit...
- GILBERT: But you don't have much detail do you?
- EMERSON: ...and then an emissions trading scheme...
- GILBERT: The detail, the lack of detail...
- EMERSON: We are articulating...
- GILBERT: ...has created uncertainty hasn't it?
- EMERSON: We articulated a full emissions trading scheme in the last term. John Howard actually articulated an emissions trading scheme before he was defeated in 2007. I think people know...
- GILBERT: Yes...
- EMERSON: ...essentially, what an emissions trading scheme is.
- GILBERT: But Craig, you've got the framework there, but you haven't got the price; you haven't got the compensation. Hasn't that vacuum created uncertainty for business?
- EMERSON: Those details will be coming but the uncertainty that is being created was by the declaration by Tony Abbott yesterday, on behalf of the Shadow Cabinet, that he

would roll back - remember that phrase - roll back the carbon price...

DUTTON: He actually didn't say that, Craig.

EMERSON: ...the carbon price.

DUTTON: And business...

EMERSON: He would abandon it.

DUTTON: And business didn't say...

GILBERT: [Indistinct] didn't say that, did he?

DUTTON: Business didn't say that either. I mean, business have said that they actually back Tony Abbott's proposal. Ours is one, certainly, of, you know, great certainty. We've said, unequivocally, we will roll this back.

EMERSON: Well, you just said you didn't say that.

DUTTON: They're the words that I've used; they're not the words that Tony Abbott used yesterday. He talked about our first task being to block this tax, because it is bad for business, bad for consumers, and bad, ultimately, for the economy. And that if it was introduced, and successfully so because of your alliance with the Greens, that we would rescind it when we were in government.

GILBERT: But Peter...

DUTTON: They were the words that he used.

GILBERT: But Peter, I suppose that's the point. I'll come back to you in a moment, Craig, but, you know, in terms of uncertainty, doesn't that also create uncertainty for business, because if the government's successful in getting it through, then once you've got all the mechanism in place and the carbon tax is rolling out as of July 1 next year, then to say, like Kim Beazley said with the GST, we'll roll it back...

DUTTON: No, you see...

GILBERT: ... does that work?

DUTTON: See, Kieran, where Labor's fundamental argument is completely and utterly undermined is that this is only an interim measure, as they propose it, in any case.

They've proposed a carbon tax with the ultimate aim being an ETS in five years time or so. So, their attempt is to have it in there for a short-term fix only. It's not a long-term arrangement, so at some stage, under their very proposal, they are going to remove it.

So, this nonsense that you're talking about uncertainty for it to be removed - Craig proposes not for this tax to be in there for the long term, but for it to have a finish date, don't you?

GILBERT: Okay, let's hear Craig's,...

EMERSON: It's quite simple...

GILBERT: ...your response to that.

EMERSON: It is a...

GILBERT: Because if there is a three- to five-year...

EMERSON: It is...

GILBERT: ...window of the tax...

EMERSON: It is a fixed price permit. It is a permit system that would operate under an emissions trading scheme for an initial period of three to five years. The price of that would be fixed. It is absolutely consistent with the design of, and integral to the design of, an emissions trading scheme to have a permit. We're fixing the price for three to five years. It's the same...

GILBERT: But wouldn't it be easier to...

EMERSON: ...design of an emissions trading scheme that John Howard ran out.

GILBERT: But wouldn't it be easier to scrap it then if it is that - you know, you've got that fixed price for the first three to five years, that interim period. Then if you get into that fully-fledged ETS...

EMERSON: This is a transition from a fixed price to a floating price; that is, the price that it is deemed to be covered by market forces.

GILBERT: But during that period, is it easier then to wind it back...

EMERSON: No, no.

GILBERT: ...without all the headache?

EMERSON: No, absolutely not. This is - oh, I see, you're saying, 'isn't it easier for the Liberals to scrap it?'

GILBERT: That's the argument that the Liberals are saying, the Coalition.

EMERSON: For the Liberals - oh look, they'll scrap it whatever happens. They'll scrap it whatever happens. But let's just find out what the Liberal Party really believes about this. Let's find out what the Liberals' environment spokesman said when he said, writing his thesis, ***'there's also a strong consensus that even if some of the Liberals' constituents do respond negatively, a pollution tax does need to be introduced to properly serve the public interest'***. Hear! Hear! Greg Hunt.

GILBERT: Okay.

EMERSON: His only problem as environment spokesman is that he's serving under Tony Abbott, who believes climate change...

GILBERT: But the problem...

EMERSON: ...is "absolute crap".

GILBERT: But the problem the Prime Minister's got is the credibility issue because she said there wouldn't be a carbon tax before the election.

Now, I want to play a couple of comments here. First of all, the Prime Minister this morning on ABC where she's trying to turn things around on the mandate

issue, the credibility. She's saying, similar to what you're saying, you know, that the pri...

DUTTON: What a surprise.

GILBERT: The Opposition leader and hi... some of his team have had different views over the years. Let's hear a little bit of what Prime Minister Gillard had to say.

[Excerpt taken from ABC Radio]

GILLARD: Mr Abbott has not opposed pricing carbon for a very long time. Mr Abbott has had every position on this it is possible to have.

He has supported pricing carbon, he has opposed pricing carbon. He has believed climate change is real, he said climate change is, to use his words, "absolute crap". Mr Abbott will get up and say anything any given day that he thinks is in his political interest.

[End of excerpt]

GILBERT: We've got a comment from Tony Abbott. I'll play that in a moment. But I wa... first of all, want to get your response to that, that - well, the fact that, you know, Julia Gillard is, obviously, trying to turn the question mark on the mandate, the credibility back onto the Coalition, when really, wasn't her statement before the election misguided, that she shouldn't have said it in the first place now that she's backtracking?

EMERSON: The statements that Julia made before the election and right through the parliamentary term before the election, and in Opposition before that is that we would

move to be putting a price on carbon through an emissions trading scheme. That's what we're doing, that's what we're doing.

For a transitional period of three to five years that price will be fixed. Now, Peter will call it a carbon tax, people will call it a carbon tax.

DUTTON: Julia Gillard called it a carbon tax.

EMERSON: I don't care about the semantics...

DUTTON: Oh...

EMERSON: ...of calling it a carbon tax...

DUTTON: ...you can if she lies.

EMERSON: ...if the price...if the price...

DUTTON: You can if she lies though, Craig.

EMERSON: ...moved up and down, what do you reckon Tony Abbott would say? Would he have said, 'oh, that's okay, that's an emissions trading scheme, that's putting a price on carbon, that's fine?' He would have absolutely opposed that and he would have said it's a carbon tax.

GILBERT: Okay.

EMERSON: Whatever it is, Tony Abbott...

GILBERT: Let's...

EMERSON: ...describes it as a tax and says he'll oppose it.

GILBERT: Peter Dutton, the fact that, you know, Greg Hunt, the fact that Tony Abbott have had a number of different views in the past, does that not undermine the conviction with which you're arguing this case now?

DUTTON: Kieran, at the last election, people had a choice to vote for us or the Labor Party. We said, at the time of the election, completely consistent with our position now, that we were opposed to a carbon tax.

Julia Gillard said at the last election that she was opposed to a carbon tax and that one would not come in under her government.

The difference is that she's now been elected and completely back-flipped on that promise. She is a liar. There's no question about that, there's no debate about it. And Craig rolls out this word, "semantics" and the rest of it, that's their standard Labor word that they're all using. But the fact is that she misled Australian people. She felt it so important to rule out a carbon tax. It was one announcement, the definite announcement that she made on the eve of the last election, because she knew that people did not want carbon tax.

GILBERT: But don't people and doesn't the electorate ...well, first of all, they've seen politicians back-flip before, including your leader, Tony Abbott, when he was the health minister. He did...

EMERSON: Five times on this.

GILBERT: Well, on this issue is a separate point, but as a minister, he made a promise and back-flipped, rolled by his own Cabinet. So, that was a broken promise.

But they've seen it happen before, and doesn't - isn't there some validity in the argument that the parliament is a different parliament to what...

DUTTON: No, it's...

GILBERT: ...anyone had anticipated?

DUTTON: That's no argument. It's a red herring, Kieran. If the Prime Minister believes strongly in a carbon tax, if she believes in putting an extra burden onto electricity bills, extra burden at the bowsers, transport costs will rise, all of those costs will flow through to consumers and businesses.

If she believes so strongly in it that she has to renege on the golden promise that she made at the time of the last election, then she should seek a mandate for it. There's nothing clearer than that, and this, you know, line of words that Labor's trotting out at the moment - and Craig's the chief espouser of them - they amount to absolutely nothing.

This is a government that won an election on a lie. Now, there has not been in recent history any government...

GILBERT: Okay.

EMERSON: Peter, where were you...?

DUTTON: ...any government that has made the golden promise and then back-flipped or lied like Julia Gillard did at the last election.

EMERSON: Where were you when the Labor Government three times tried to get an emissions trading scheme through the Parliament only to be blocked by the Liberals? Where were you at that time?

DUTTON: I was voting against it because...

EMERSON: Well, indeed...

DUTTON: ...I tell you, it was bad policy for...

EMERSON: ...indeed, indeed, but the point is, no-one could be surprised...

DUTTON: ...it was bad policy for the country.

EMERSON: ...that we are seeking to put a price on carbon.

DUTTON: But say that before the election.

EMERSON: The Prime Minister said it before the election that...

DUTTON: No, she didn't. No.

EMERSON: ...we seek to put a price on carbon. We are now putting a price on carbon. We are following through that. You want to call it a tax; other people want to call it a tax...

DUTTON: Julia Gillard called it a tax.

EMERSON: ...we a putting a price on carbon...

GILBERT: [Interrupts] Well, can I ask you, Craig...

EMERSON: ...an emissions trading scheme.

GILBERT: It seems to me that...

EMERSON: It's a market-based mechanism.

GILBERT: Well, sure, and as you say, you've tried a number of times and failed in the Senate. The Labor Government's been committed to the...

EMERSON: [Interrupts] [Indistinct]... the levies.

GILBERT: Yes, sure.

DUTTON: And Kevin Rudd.

GILBERT: But why, why the statement then? It seems to me that under the pressure of Tony Abbott during the election campaign that Julia Gillard said something which was contradictory...

EMERSON: Well...

GILBERT: ...that the two statements contradicted each other. Was that a mistake?

EMERSON: What we're saying is that a fixed price permit does operate like a tax. Julia has said that. It is true; it's a fact.

GILBERT: Well, why not just concede that the two comments were contradictory, [that] she made a mistake?

EMERSON: If the price itself had been a floating price, right, that is, determined from day one by market forces up and down, it would still have been described by Tony Abbott, Peter Dutton as a carbon tax. No matter what it is, they would have said it is a tax.

Now, let's go back to Greg Hunt in his thesis...

GILBERT: Yeah, but the point is, Craig, why would...?

EMERSON: "Businesses' greatest concern is the need to have certainty, which will enable them to plan for the long term". He is advocating a polluters' tax. That is exactly what the...

GILBERT: But why, why make the statement...?

EMERSON: ...Shadow Environment spokesman is advocating for the benefit of the environment and the benefit of the business community.

GILBERT: Okay. Craig, but just tell me, it sounds to me ...you mean, you're defending the argument that the Labor Government's believed in a market mechanism for some time. Fine.

EMERSON: Like John Howard, like John Howard.

GILBERT: I accept that, yes. But...

EMERSON: That old lefty.

GILBERT: ...why would...

EMERSON: The grand old lefty, John Howard.

GILBERT: ...why would the Prime Minister say on the eve of the election that there won't be a carbon tax and contradict most other statements that she's made? It just seems the two statements are contradictory.

EMERSON: Because whatever, whatever it is, it will be described as a carbon tax by people. Okay, we accept that. Whether it was a floating price, a fixed price, it will be described as a carbon tax. It is not...

GILBERT: So she was wrong to say there wasn't going to be a carbon tax, and she knew it.

EMERSON: ...actually a carbon tax. It is not actually a carbon tax. It is putting a price on carbon, which is a fixed price permit that, after three to five years, becomes a floating price. However...

DUTTON: Craig sounds like Colonel Gaddafi at the moment...

EMERSON: ...however...

DUTTON: ...saying that "everybody's in favour of me, nobody's rising up against me..."

EMERSON: ...however...

DUTTON: I mean, it's like Comical Ali.

EMERSON: I'm sure we'll get to it.

DUTTON: Honestly, honestly, Craig. I mean, there's no credibility in what you're saying.

EMERSON: I think that's pretty offensive.

DUTTON: Well, you should take it, you should take it...

EMERSON: I would rather you not make comparisons with a killer in Iraq and me...

DUTTON: You're calling, you're calling, you're calling...

EMERSON: ...all right? You might think that's flippant and funny. I think it's bloody disgraceful.

DUTTON: ...black is white. You're saying black is white, you're saying black is white...

EMERSON: Do you understand that? I think that is bloody disgraceful.

DUTTON: The problem is, Craig...

EMERSON: And there is a line here, Peter...

DUTTON: ...but you are, you are completely without credibility.

EMERSON: ...across which you should not pass.

DUTTON: Completely and utterly without credibility, and you can't sit...

EMERSON: And you just passed it.

DUTTON: ...you can't sit here and call black white. That's the problem with this debate and why Julia Gillard...

EMERSON: Yeah, and you can't sit here and call me Chemical Ali, pal.

DUTTON: ...has absolutely...

EMERSON: Now, I'm telling you that was a disgraceful comment for you to make.

DUTTON: ...has absolutely... Comical Ali...

EMERSON: Oh, that's much better, that's much better!

DUTTON: ...if you remember the debate, he was the bloke who stood up and said, you know...

EMERSON: Yeah, sure.

DUTTON: ...there's no forces invading.

EMERSON: Yeah, sure. Yeah, yeah, okay. Thanks...

DUTTON: This is exactly the weak defence that you're putting forward.

CRAIG EMERSON: ...for that. This is the Liberal Party. Why don't you go back to your One Nation emails, Peter? Why don't you go back to your One Nation emails?

DUTTON: Don't, don't resort to your low base, your low-base nonsense, Craig.

EMERSON: [Laughs] Oh, right, right, yeah. Sure.

DUTTON: I mean, the Prime Minister of this country lied at the last election...

EMERSON: I've just explained, I've just explained...

DUTTON: ...and you are defending the indefensible.

EMERSON: ...it won't make any difference to you. I've just explained this is a fixed price permit; you will call it a carbon tax, other people will call it a carbon tax...

DUTTON: Julia Gillard called it a carbon tax.

EMERSON: ...whether it floats or whether it doesn't float, you'll call it a carbon tax. It is not a surprise...

GILBERT: It's noW time for the bell. I can't ring the bell...

EMERSON: ...it is not a surprise that we're putting a price on carbon.

GILBERT: Okay, all right. Okay.

EMERSON: It's needed for the global health of the environment, and that's what the Coalition rejects.

GILBERT: All right, all right.

EMERSON: They don't give a rat's arse about the global environment.

GILBERT: Okay.

EMERSON: They don't give a rat's arse.

GILBERT: Let's try and, you know, take a deep breath. We'll take a break and we'll be right back. Let's just pause.

[Advertisement break]

GILBERT: Welcome back to *AM Agenda*. With me here, Peter Dutton and Craig Emerson.

Craig, it looks like Nick Xenophon, he wants a committee to look at the idea of a flood levy. This could delay the levy by a month or so. Is that going to hamper the money heading out there to where it's needed in Queensland?

EMERSON: Well the total bill is estimated at \$5.6 billion. We've identified a set of savings that constitute two-thirds of that. The levy would constitute one-third. The money is flowing to the reconstruction of Queensland right now. But, of course, you know we'd like this levy through and I hope Senator Xenophon passes that in a timely fashion.

GILBERT: Was it counter-productive, Peter, to oppose this by the Coalition? That is, you know, particularly as a Queenslander, that this might not have gone down as well as you'd hoped in Queensland?

DUTTON: No Kieran. I mean the first priority is to get the money out there and to see the reconstruction take place and that's what's happening. There's been a level of reluctance by the Federal Government in terms of

helping out some of the councils, in particular Brisbane, but right across the state. And that, as I understand it, has now been resolved, which is a good outcome.

But the fact that the Independents haven't signed up immediately to this latest tax that Julia Gillard's proposing just shows that there is concern...

EMERSON:

Only when they're done by the Coalition.

DUTTON:

...deep-held concern about the way in which it's been proposed, not just the Coalition, but the Independents have had serious concern about it as well.

EMERSON:

I think there's an interesting parallel here and that is that Tony Abbott thought it was on a winner back... opposing the flood levy. He basically said early on this is terrible and the Australian people will rise up against it. They haven't. There's a majority support for the levy and I suggest probably pretty strong support in Queensland.

And Tony Abbott, again, is saying, 'oh well, there's carbon tax, people will rise up against it'. All he's doing is being opportunistic, opposing for the sake of opposition and hoping that he can lead some sort of revolution to project him into government and into the prime ministership. He'd be far better off adopting a more constructive approach and if he's got genuine alternatives, put them up, but not \$10.5 billion of taxpayers' funds to go into the carbon abatement measures that have been demonstrated to be ineffective.

- DUTTON: Craig, I just wish you had credibility on this topic. I mean that's the fundamental problem. The problem is that Labor promised no tax in terms of the carbon tax. They're introducing a carbon tax. This is a government that says 'we don't have a policy - we do have a policy. We will achieve...'
- EMERSON: \$10.5 billion of taxpayers' money.
- DUTTON: No, no, to - because we take the issue seriously and we do...
- EMERSON: [Laughs]
- DUTTON: ...and are determined to see abatement take place, we have a policy in place which will...
- EMERSON: You might be.
- DUTTON: ...which will see us reduce emissions and that's a cold hard fact. Now you can have the propaganda unit of the Labor Party here running around making these nonsense claims, but the fact is that this is a government that loves taxes. They love to spend, therefore, they have to tax.
- GILBERT: Is this - Craig, you know, when you've got three different taxes on the table, the mining tax, the flood levy, albeit, you know, a temporary one...
- EMERSON: Mmm, that's right.
- GILBERT: ...and a carbon tax, it doesn't sound like, you know, Politics 101 to be...

EMERSON: And remember...

GILBERT: ...to generate popularity.

EMERSON: Okay, I'll make two points about that. All of the revenue from the fixed price permit goes back to consumers, or to industry. It's not a tax to raise revenue in the sense that Peter and others would like to portray it. Even with all these so-called arrangements, tax as a share of GDP is lower and will be lower under Labor than under the previous Coalition Government. They say they are the party of low taxes, but they were the highest taxing government in Australia's history...

DUTTON: That is a...

EMERSON: ...for the entire period...

DUTTON: ...that is a nonsense Craig.

EMERSON: ...2002 to 2007 and it is in the budget papers and I'll do you a deal. I'll bring the budget papers in next week, because this is what the Coalition says. They say fact is not fact. The highest taxing government in Australia's history was the previous Coalition government.

DUTTON: Because we doubled the size of the Australian economy...

EMERSON: You just said it's not true.

DUTTON: Because we doubled the...

EMERSON: Now you've finally conceded it is...

- DUTTON: No.
- EMERSON: ...because I will bring in the budget papers. You've got the...
- DUTTON: ...because we doubled...
- EMERSON: ...gold medal for taxes.
- DUTTON: ...because we doubled the size of the Australian economy Craig, necessarily people are earning more, business is turning over more money. There is a greater collection of taxes if there is a doubling of the Australian economy. But on a percentage basis of GDP you have no claim whatsoever. And as I say...
- EMERSON: On a percentage basis of GDP it is absolutely the case. I will bring the figures in.
- GILBERT: All right.
- DUTTON: Look forward to it.

EMERSON: The percentage of GDP, this previous government is the highest taxing government in Australia's history, 2002, '03, '04, '05, '06 and '07.

DUTTON: And you're determined to take that trophy are you?

EMERSON: No, no, we're way behind you.

DUTTON: [Laughs]

EMERSON: Way below, way below Peter. Way below.

DUTTON: We'll see, we'll see.

GILBERT: Okay.

DUTTON: You haven't finished yet.

GILBERT: Peter Dutton, Craig Emerson, a lively program this morning. Thank you both for your time.

EMERSON: Thank you.

DUTTON: Thanks Kieran.