



**THE HON DR CRAIG EMERSON MP**  
**MINISTER FOR TRADE**

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*Subjects: Carbon pricing, media hacking scandal.*

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**HELEN DALLEY:** Hello and welcome to The Nation. I'm Helen Dalley. Well the carbon price: the hard sell has really begun in earnest. What will this reform really mean for the economy, for the environment and for you? Will the Prime Minister be able to convince her critics and will Tony Abbott ever be able to repeal it? I'm joined tonight by a bevy of wonderful guests. Firstly, Craig Emerson, Trade Minister; Lachlan Harris, former adviser to Kevin Rudd and columnist with the Sunday Telegraph; Tom Switzer, the editor of Spectator Australia and a former Liberal adviser; and Sophie Mirabella, the Shadow Minister for Innovation Industry and Science. Well Craig Emerson, can Julia Gillard convince the community?

**CRAIG EMERSON:** Yes, and it's important that that the community accepts in time, and it will take time, that we need to take action on climate change; that we need to move to a clean energy future, reduce the carbon emissions from Australia. This is a big task. It's a bipartisan task. Both parties have committed to reducing emissions by 5 per cent in 2020 compared with 2000 levels. It becomes then a question of the best way of doing that and what we're saying is the best way of doing it is to apply a carbon price to the 500 biggest emitters and then that provides the incentives, the inducements for them to reduce their emissions.

The irony of all this is that Mr Abbott and the Coalition, rather than going down the market-based solution path, are going towards a centrally-planned model called "Direct Action" where they use taxpayers' funds to subsidise the big emitters.

DALLEY: Alright. Just before we go on to the sort of the ... I suppose the real details that were in the package that the Prime Minister announced, have you and the Government been totally blindsided I suppose by the level of interest and the level of antagonism towards this?

EMERSON: Well, I think the fact that there is a high level of interest is a good thing. People do want to know more about it. We've had a situation where there have been lots of suggestions by the other side of politics that we're going to put up petrol by 6½ cents and so on, none of which has turned out to be true. But what people now are looking for is some of the detail; how it will affect them. And we're happy to be in this space where we're explaining how the carbon-pricing mechanism will operate to reduce emissions over time.

DALLEY: Sophie Mirabella, Tony Abbott is also going around the countryside, but he's mainly criticising Julia Gillard's package and pushing a direct action plan. Do you think he can convince people of his direct action plan when there aren't a lot of credible voices backing his plan?

SOPHIE MIRABELLA: Well the Government seems to like direct action because they've incorporated that as part of their approach and they announced some measures on Sunday as part of their carbon tax approach, additional measures to it. So I think the public are ready to actually listen. What they're sick of is being spoken to in a patronising manner. They do have ears, they do listen, they do their own research and I think the reason why we have such a high degree of concern is because people are doing their own interest. They're not going to take slogans, they're not going to take spin, they're suffering with ever increasing costs of living and they're not going to easily accept a carbon tax that is not only going to push up household prices, but also possibly do nothing for the environment by exporting jobs and emissions overseas.

DALLEY: Lachlan Harris, from your point of view and I know you've worked for the former Prime Minister. Who do you think's been patronising in this so far?

LACHLAN HARRIS: Look I think you can find winners and losers on both sides of the debate but you said in your introduction Helen the hard sells was done. I would say the hard sell on the carbon tax is

never going to work and I don't think in the Government there's an expectation the benefits of the hard sell will kick in any time soon. It's the soft sell of it actually being implemented and not having an impact which may eventually either take some of the heat out of the argument and then hopefully pay off for the Government on Election Day but that to me would be best case.

DALLEY: So meaning the compensation kicks in, that it actually doesn't raise . . .

HARRIS: It's not so much what happens . . .

DALLEY: . . . the cost of living by more than 1 per cent?

HARRIS: . . . it's what doesn't happen and then on election day effectively you have a question of who has a more credible policy alternatives and in that environment I think the carbon tax is much more compelling but that's a bet on election day and I think that's kind of best case scenario and I think the Government in its heart of hearts probably understands that so they're not I don't think Julia or anyone else would be thinking that the last couple of days are going to turn around the event and everyone will be sort of the pro-carbon tax rallies will be proliferating around the country in the next couple of days. I think the hard sell gets done so you don't go backwards, the soft sell of it not doing things starts once it's implemented and then it pays off on Election Day.

DALLEY: Craig Emerson, is that right? Were you not intending that all this leather wearing out that Julia Gillard's doing is going to make any difference?

EMERSON: Look, obviously we're now in a position to explain the detail and I think a lot of people have been waiting for detail. I do agree with Lachlan, though, to a significant extent and that is the cows will still moo on the 1<sup>st</sup> and 2<sup>nd</sup> of July next year; the chooks will still squawk; the kids will still go to school; people will still go to work; the sky will not have fallen in. And I think the point that you're making is that this scare campaign that's been going on for month after month after month, they've got people pretty apprehensive that this is going to completely change so many things in their way of life. And in truth the total impact on the consumer price index is 0.7 per cent. The average impact on a weekly cost of living is \$9.90 compared with average compensation of \$10.10.

DALLEY: Alright but if that . . .

EMERSON: So I think when people live the experience, which is I think what Lachlan is saying, they'll say 'well, actually, this hasn't been such a profound change as I thought it would be.'

DALLEY: But if that scare campaign as you call it has been working, that means that you've been failing at selling your message.

EMERSON: Well, we have been at a relative disadvantage and that is we announced the broad architecture of the carbon pricing regime and then . . .

DALLEY: Isn't that your decision though?

EMERSON: Yes.

DALLEY: You said it's a disadvantage; it's become somebody else's fault.

EMERSON: We knew it was coming. No, no, let me explain. We announced the broad architecture and then we said the detail will be coming down the track. Now the reason that we did that is you do need to consult business and so on. If we'd just done the whole thing in one hit then the business community and others would say 'well, we had no say in any of this'. So you needed to have a two-stage process'. During that two-stage process - and I'm not complaining about this; this is a democracy - during that process, Mr Abbott and others were out saying that all these shocking horrible things were going to happen, petrol prices were going to go up, the coal mining industry's going to close down, all these terrible things were going to happen. Now we're in the position where the detail is out there and people can make some of these assessments.

DALLEY: Tom Switzer, what is your view about perhaps that the hard sell certainly kind of is happening now but maybe it won't make a difference until the soft sell, until the price comes in, until the compensation takes effect?

TOM SWITZER: Well I think this whole episode is a reminder that the Australian people if not ideologically certainly temperamentally are a very conservative people. They're very conscious that reforms can be a change and that change can lead to loss as well as gain and all sorts of unintended consequences and you've seen throughout Australian history, particularly in the last 20 or so years, there's been this real backlash against radical reforms. John Hewson remember in 1993 took the fight back package to the Australian people and there was a bit of a backlash. People were very uneasy. This was a recession that we had to have and of course this was the unlosable election but John Hewson lost it. I think he scared them with the GST.

DALLEY: But would you say then that it's not worth bringing in, you shouldn't have done the reform on the GST which is now ten years later which John Howard took and brought in but now ten years later people just accept it. They don't even notice it.

SWITZER: Well the difference of course and we've talked about this so many times is that John Howard had a democratic mandate when he legislated the GST in 1999.

DALLEY: But sorry, just on that point you made, the point that perhaps people are very wary about reform. Are you saying therefore we shouldn't reform?

SWITZER: Well I think reform is sometimes necessary but you need a democratic mandate, you need to bring the people along with you and the problem here is that Julia Gillard has no democratic mandate and I think that's a really recurring theme throughout the last week. Wherever she goes the question that keeps being asked isn't so much about the detail of the policy, is that she lied to the Australian people and in many respects I think this is analogous to President George H W Bush when he said read my lips, no new taxes and of course he did a back flip and that haunted him through the 92 election campaign and I think . . .

DALLEY: Sorry just before we go on, sorry to interrupt. I just want to play you something that of Julia Gillard today at the National Press Club and she was questioned, she has been questioned over the last few months really but certainly in the last few days since the package was announced about why she changed her mind and that issue of trust. Let's hear her at the National Press Club.

JULIA GILLARD: [CLIP] What I said before the election I can't unsay now. But when it became clear the only way to achieve action on climate change was to introduce a temporary carbon tax before moving to an emissions trading scheme, the choice was this and the choice was clear. I either stuck exactly to what I said before the election, got no action on climate change and did the wrong thing for our nation or I found a way, a way to get climate change action, to do the right thing for our country and to deal with the consequences.]

DALLEY: Craig Emerson, that appeared to be really the first time that she actually sort of explained it like that, but that issue of not having told the truth in some people's mind or having switched her position or having changed her mind is hurting her isn't it?

EMERSON: Oh look, I think it's had an impact. No-one's saying any different to that. But what Julia is saying in there I think is worth pondering for a moment. The carbon pollution reduction scheme - that is the scheme that we sought to introduce last time we were defeated twice by the Coalition and the Greens - was an emissions trading scheme. Everyone called it an emissions trading scheme; they didn't call it a carbon tax. It had a one-year fixed price permit then a full emissions trading scheme. That is, the price goes up and down according to the market.

DALLEY: Set by the market.

EMERSON: Under this one, it's a three-year fixed price and then the price goes up and down. So the difference is two years. It is an emissions trading scheme, but I am sure that we don't want to spend the rest of the evening going through all of that.

DALLEY: No we don't; we know what the Prime Minister said during the campaign.

EMERSON: But no-one would be surprised that the Labor Government wanted to introduce an emissions trading scheme. This is the way that we are introducing an emissions trading scheme. We tried last time twice. And during those interviews where the Prime Minister was asked about a carbon tax, she said 'but I do not rule out introducing an emissions trading scheme, a market based mechanism'. That's what we're doing.

DALLEY: Lachlan Harris, you advised the former Prime Minister on media. How do you think this Prime Minister is going? Is that issue in particular permanently damaging?

HARRIS: Look I actually think it's a very compelling and easy fact to throw out so I can completely understand why the opposition is going very hard nut, I'm not convinced it's convincing that many people who don't already have a very strong position on climate change either way and I think it's extremely optimistic on their behalf if they believe on election day that that statement is going to have a great impact in terms of when people choose who's going to be the Prime Minister for the next three years, Julia Gillard or Tony Abbott. I think a statement whether it was broken or not broken is just not going to have that much influence and I think it's a very very kind of I think Abbott may be really over-estimating exactly how much damage that is doing to people who are wavering on which way they're going to vote as opposed to how angry the people who are always going to vote for him are about it.

DALLEY: Sophie Mirabella, isn't it fair enough politicians do change their mind. In fact just before I know you want to have a say but I'll also play you a grab of Tony Abbott who was asked today if there was an international binding agreement on this, would the Coalition change their policy and he effectively said that you know when circumstances change if necessary you change your position. Let's have a listen to Tony Abbott today.

[Voiceover]: He was also asked if the Coalition would be willing to change its policy if a binding international agreement is struck to address climate change.

TONY ABBOTT: [CLIP] If it did, and that's a huge if, we would respond appropriately because we're not fools and when circumstances change if necessary you change your position.]

DALLEY: Sophie Mirabella, if he is saying it's alright for him to perhaps change his mind even though he doesn't think there'll be an international agreement, isn't it okay for Julia Gillard to change her mind?

MIRABELLA: What the problem that so many Australians and so much of industry has with the go it alone carbon tax is exactly that, that we're effectively penalised putting a tariff on Australian industry while the rest of the world doesn't and they benefit particularly when they compete with our trade exposed industries.

DALLEY: But I'm actually asking about that idea of changing your mind. The politicians do it a lot.

MIRABELLA: Well the key objections to the carbon tax is that it is a go it alone scheme hurting Australian industry.

EMERSON: [inaudible]

MIRABELLA: We have always said and we always said this before Copenhagen, let's wait and see if there's an international agreement. Looking at what the rest of the world does . . .

EMERSON: [inaudible]

MIRABELLA: . . . is very different, Craig I didn't interrupt you my friend so just let me have my say. What the Prime Minister did though was specifically say before the election that she wouldn't do something. She didn't say if there's an international agreement, if circumstances changed. The one thing that changed before and after the election was that Bob Brown demanded that the Prime Minister do this. The Prime Minister could have and I understand her concern for reducing emissions, we share that as well, she could have adopted other

measures like direct action but she adopted a carbon tax because that was the price to pay for the support of the Greens.

DALLEY: Alright, should she have adopted other measures?

EMERSON: No, and I'm happy to explain the absurdity of this so-called Direct Action Plan, that it would hit households to the tune of \$720 a year because they have to pay the emitters, subsidise the emitters. What we're doing is we're applying a carbon price to the emitters. What the Coalition wants to do is take the money out of people's pockets and use that money to subsidise the emitters.

Now going back to the point, Tony Abbott says when circumstances change you can change your position. Julia Gillard before the election said there would be no carbon tax. That's true. Circumstances changed: that is there was a minority Government. Tony Abbott has also said this: that Oppositions tend to be permanent debating societies, and even the firmest position arrived in Opposition can be revisited in Government - Tony Abbott, the Australian Newspaper, in July of 2009. That's his get out of jail free card. He'll say 'I always said that when you go from Opposition to Government you can change your position'. Even the most firmly held position in opposition.

HARRIS: Iron-clad guarantee.

EMERSON: That's right.

SWITZER: Isn't the more relevant issue here though that the prospects for any kind of international agreement that is binding, enforceable and verifiable are virtually zero and that's one of the big differences Craig I think between this debate here about the carbon tax in 2011 and the debate over the ETS in 2009. Virtually every article or news grab about the ETS in 2009 accompanied the word Copenhagen.

DALLEY: Yes as if there would be an international . . .

SWITZER: Today we don't even talk about . . .

[inaudible]

EMERSON: I think you raise a good point, and if I could respond to that. Sophie's saying 'well, we shouldn't go it alone'. Tony Abbott on behalf of the Coalition has committed to a 5 per cent reduction in emissions by 2020 compared with 2000 levels.

Unconditionally. Unconditionally. It is an identical target, an identical target to Labor. So what's all this go it alone?

MIRABELLA: It's very different about . . .

[inaudible]

MIRABELLA: We are the only country as the Productivity Commission said we are the only country that will impose an economy wide carbon tax. That is a huge . . .

DALLEY: But it's not an economy-wide one is it? It's not being applied to petrol as I understand it.

EMERSON: Well you told us it was direct action and it's not economy wide, now it's an economy-wide carbon tax. This is the problem. The Coalition keeps changing its position.

MIRABELLA: The Productivity Commission made that statement. It will affect . . . it will affect the small businesses out there. It will affect agriculture.

EMERSON: You said at the outset that this is not an economy-wide carbon pricing mechanism. You said at the outset that it contains elements of direct action.

MIRABELLA: No.

EMERSON: It's not economy wide, now again in . . .

MIRABELLA: There's a carbon tax . . .

EMERSON: . . . 15 minutes you've already changed your position.

MIRABELLA: Craig! No I haven't.

EMERSON: You have.

MIRABELLA: There's a carbon tax, in addition to a carbon tax there are also direct action mechanisms that the Government had adopted.

EMERSON: You said it's economy wide. Does that apply to petrol?

MIRABELLA: Craig! Craig! You can be . . .

EMERSON: Twenty times Tony Abbott said that petrol prices are going up by 6½ cents a litre and it doesn't apply to petrol. You say it's economy wide.

MIRABELLA: Finished? Craig you can be tricky with words like Julia was. The problem . . .

EMERSON: Doesn't apply to petrol.

MIRABELLA: . . . the Government has, the problem . . .

EMERSON: Did Tony Abbott say 20 times that it would? Did he say it was going to be 6½ cents a litre? Yes!

MIRABELLA: The problem the Government has is a matter of trust. People don't believe they're going to be adequately compensated. They know a carbon tax will go up and up and up . . .

[inaudible]

DALLEY: Sophie, just on that question. You did say it was an economy-wide tax.

MIRABELLA: Mmm hmm.

DALLEY: How do you justify that?

MIRABELLA: Well the Productivity Commission called it an economy wide tax.

DALLEY: No they said there is no other economy-wide tax in the world.

MIRABELLA: Yeah.

EMERSON That's right.

DALLEY: They didn't call our one or this particular . . .

[inaudible]

MIRABELLA: Every single industry will be affected. Even agriculture because when you use electricity every single time you flick the switch it will be . . .

EMERSON: And farmers will be able to make money out of the deal.

[inaudible]

SWITZER: The important point though is that none of our trade competitors that exports coal has a pricing system. That's one of the key differences. I think that's the point that's really been properly made here.

EMERSON: Well the whole exercise here - let's be clear - the whole exercise is to reduce emissions. It actually is to reduce emissions from coal-fired power generation. That is why you introduce a market-based mechanism, to reduce the emissions.

SWITZER: Well on that note though, Craig, the European Union have had an emissions trading scheme since 2005, for the first three years of the European Union's ETS carbon emissions went up by 2 per cent so don't start this argument that pricing carbon necessarily leads to reducing emissions.

EMERSON: Okay, now the argument is that a carbon pricing mechanism won't reduce carbon emissions.

SWITZER: Well the evidence in Europe suggests it didn't. What did unintentionally and unintently bring down carbon emissions was the recession and that's really the point. Low growth economies will reduce emissions. Is that what you're putting forward, a low growth economy?

[inaudible]

DALLEY: Go ahead Lachlan.

HARRIS: If we need the emissions targets, which it seems you agree we do then we have to achieve them so I don't understand what the logic of the first move or advantage you have to achieve. You said we need to remove those targets as climate change . . .

MIRABELLA: But the only reason, let's go back to first base. The only reason why the Prime Minister has taken the path of a carbon tax is because Bob Brown wants it. The argument that it's going to reduce emissions is a secondary argument. This is a demand from Bob Brown because . . .

EMERSON: It's designed to reduce emissions.

MIRABELLA: . . . if reducing emissions through a carbon tax is so important, the Prime Minister would have said so before the election.

EMERSON: Well, let's hear from the self-professed leading authority on this and this is a man who's written a Masters thesis on it. Greg Hunt, the Shadow Environment Spokesman. I'm one of the few people who's read his Masters thesis and it is full of arguments about the virtues of a carbon tax. Not even an emissions trading scheme . . .

SWITZER: That was written in the late-80s before we had any evidence of how a carbon market works.

EMERSON: He's still very proud of it . . .

SWITZER: I've just given you the example of the European Union where it's been a complete and utter failure . . .

[inaudible]

MIRABELLA: Actually . . .

EMERSON: . . .he keeps referring to the thesis.

MIRABELLA: Actually Craig it wasn't a Masters thesis; it was an undergraduate thesis, and what he discussed in that . . .

[inaudible]

MIRABELLA: . . . and what he did discuss in that was various market mechanisms and the best market mechanisms.

EMERSON: And that old leftie John Hewson, who's in favour of a market-based mechanism.

SWITZER: I think one of the problems though . . .

EMERSON: Just about every economist in Australia supports a market-based mechanism.

SWITZER: One of the problems the Governments had during the course of the last week with the details I think they've been sending some conflicting signals. I mean on the one hand they want to protect the coal industry and protect jobs, but on the other hand they also make the point, the Greens do, that they want to close down the coal industry.

HARRIS: The Greens, the Greens.

SWITZER: They want to exempt petrol but they want to keep in other fossil fuels.

DALLEY: Okay Tom we're going to take that point up right after this break. We're going to have a very short break but we'll back with more of The Nation right after this.

DALLEY: Welcome back to The Nation and I'm joined tonight in our discussion at the moment on carbon tax and the hard sell on the carbon price package. I'm joined by Craig Emerson, Trade Minister, Lachlan Harris, former advisor to Kevin Rudd, Tom Switzer, the editor of Spectator Australia and Shadow Innovation Industry and Science Minister, Sophie Mirabella.

Now we did get the actual details of the package last Sunday and there's a great deal of compensation for individuals, there's a great deal of assistance for industry, Craig Emerson. Now interestingly one area that came out well for you on the Government side was that steel makers who'd been barking very loudly against it were then very much for it. They got a lot of assistance.

EMERSON: There is an assistance package for the steel industry. The steel industry is struggling under the weight of a very high Australian dollar and we listened to the arguments of the steel industry. We are going to implement a package that does support the steel industry itself, reducing its emissions, so again it's an incentive package.

The irony here is Tony Abbott has claimed credit for this package, but said he'd vote against it. And the other irony to pick up on where we were beforehand: you've got a Labor Government supporting a market-based mechanism, which just about every economist in Australia does as well as Malcolm Turnbull and including John Hewson, and the Coalition supporting a centrally-planned direct action plan. So you know if you wait around long enough in politics you'll find the Coalition going over to the hard almost Soviet-style centrally planned economy . . .

MIRABELLA: Oh don't be silly Craig!

EMERSON: . . . with his Direct Action Plan and completely against the use of price incentives to allocate emissions reductions to those parts of the economy which are best equipped to do it.

DALLEY: Alright, Sophie Mirabella, the Prime Minister says in her package that 60 per cent of households will either be better off or break even and nine in ten households will be compensated. It's pretty generous.

MIRABELLA: Well I think you've got to look at form. The Rudd Gillard Government's economic forecasts over the last four years whether it's budgetary forecast or the MYEFO forecast have not been accurate. So people are saying can we trust them that these figures are correct? And when you look at a household on a \$65,000 income with a dependent under five, they'll be worse off. People are concerned because they've got to a point where they simply can't trust the Government both on what they've said about a carbon tax but also about the past mess in delivering basic programs and they're saying to me in the forums I go right from one end of the country to the other whether it's building sheds on schools or putting insulation in ceilings, if they can't manage those basic programs, how the

heck are they going to deliver the compensation they said they would and how can they control the price of the tax if it'll keep going up and up and up. So it's an issue of trust, believability and the Government's own credibility.

DALLEY: So you say that compensation will not be delivered? Is that what you're saying?

MIRABELLA: If the compensation package as outlined in the Government's tables in their documents on Sunday is delivered as per those tables I will make \$1,000 donation to the charity of your choice. If those . . .

HARRIS: The Lachlan Harris Benevolent Fund.

MIRABELLA: . . . if those compensation packages survive over the next three years before the ETS is introduced I will do that. I don't believe the Government will be able to control prices. I don't believe they'll be able to deliver on a basic problem of compensating because I think they've underestimated the cumulative effect that the carbon tax will have in the economy and . . .

DALLEY: So you mistrust the Treasury modelling . . .

EMERSON: Exactly, and the Treasurer.

DALLEY: . . . that says it will only add to prices of 0.7 per cent?

MIRABELLA: Well the modelling of basic financial forecasts in the last four years hasn't been accurate so why would that change now?

DALLEY: So you do mistrust it?

EMERSON: There have been flaws in the modelling over the last four years, because the economy's performed better than was forecast by Treasury. So, you know, we'll live with that. There is a risk to the compensation package and that's Tony Abbott because he has not said that he would maintain the pension rises.

In fact they've been asked time and time again, given that we're going to increase the pension, if he gets in and he says he's going to get rid of the carbon tax. He can't deliver tax cuts the way he said; that already according to Treasury figures, \$10.7 billion behind the eight ball from their last election campaign with what are today still unrepudiated election promises. And then they're going to have a situation where they cut the age pension, they can't deliver the tax cuts and the tax reform and, in fact in relation to their own tax plans, it is full

of holes. It is absolutely full of holes, and they just don't have the money to do it.

And they said that they've got a \$50 billion savings plan. Let me tell you what's in that savings plan. They have said that they will get rid of the uses of the mining tax, which is large business and small business tax breaks, but they keep the revenue. They keep the revenue in that \$50 billion from the mining tax, which is another indication of what Tony Abbott's true agenda is. After the next election he'll go 'I can't get rid of this mining tax like I said I promised, like I promised I would' if he were to be the Prime Minister. So much for rock-solid iron-clad promises such as the one he made before.

MIRABELLA: But Craig, why are you so obsessed having a go at Tony Abbott? You've just spent quite a few minutes . . .

EMERSON: Because he's a fraud.

MIRABELLA: . . . in a tirade against Tony Abbott, and you don't seem to be spending too much time spruiking the benefits and how wonderful this carbon tax is going to be.

EMERSON: I just don't think I'll be able to convince you.

MIRABELLA: If you're so passionate about it, what are you so afraid of Tony Abbott for? Why do you keep slagging and bagging him.

EMERSON: Because I like exposing frauds and he's a fraud.

DALLEY: Lachlan . . .

SWITZER: Well for a fraud he's done a very good job of wrong-footing the Labor Party. I mean it just happened . . .

HARRIS: We did win the election.

SWITZER: . . . that since he became the Labor. Well hang on for a first term Government to lose its minority that's a first time since the early 1930s, he must be doing something and look the fact of the matter is if an election were held today he would win one of the biggest election landslides in Australian history. Think you know Malcolm Fraser in 1975 or . . .

EMERSON: I don't think there is one scheduled . . .

SWITZER: . . . or Harold Holt in 1966.

EMERSON: I don't think there is one scheduled, so again . . .

SWITZER: Well he's done this a lot of . . .

EMERSON: Don't count your chickens just yet.

SWITZER: Well I'm not, I'm simply saying that for a fraud he's done a very good job of subjecting your lot to a lot of scrutiny.

EMERSON: So being a fraud . . .

SWITZER: And he's won the hearts and minds of middle Australia.

EMERSON: . . . qualifies you . . .

SWITZER: Being a fraud? How can you say he's a fraud?

EMERSON: . . . to being Prime Minister.

SWITZER: What evidence do you have that he's a fraud?

EMERSON: I'll tell you. He has supported in the last two years a carbon tax. He has supported an emissions trading scheme. He has said the science of climate change is absolute crap and now he's supporting a centrally-planned Direct Action Plan.

SWITZER: Sorry, but he took to the election an opposition to a carbon tax and an emissions trading scheme and he stuck by that commitment whereas your Prime Minister has done a complete and utter back flip. Who's the fraud?

EMERSON: We've just explained that.

[inaudible]

DALLEY: Alright Lachlan, you go ahead.

[inaudible]

HARRIS: Basically, no-one's going to win this debate. Not in the lead-up to election day. So the package, the details of the package unless there's a big disaster . . .

SWITZER: Well hang on: 63 per cent of Australians would disagree with you.

DALLEY: Alright, do you reckon the . . .

HARRIS: What I'm saying is I'm not saying, what I'm saying is like voters cannot sift knowledge out of a conversation like this and this conversation is being repeated around the country.

[inaudible]

MIRABELLA: Voters will look at the details and make up their own mind as they are.

HARRIS: What I'm saying is if the Government can put forward a credible policy alternative to what Abbott's presenting on a whole lot of different issues, they'll have a chance and I think they'll win.

DALLEY: But have they?

HARRIS: Well I don't think they have yet.

DALLEY: Aren't we looking at this?

HARRIS: I think they've got a lot more work to do.

DALLEY: So you don't think it's a credible package?

HARRIS: I'm not talking about this package, I'm talking about the entire policy agenda.

DALLEY: I see.

HARRIS: I think this is very credible, absolutely but I think they have to do a whole lot more and the question is where will that lead on election day. This debate will keep on going round and round and round and round.

SWITZER: I think one of the problems in this debate though particularly this week it's been very confusing for a lot of people. They're they were told it was going to be a radical policy and in a sense carbon pricing is because what you're saying is you want to reduce your dependency on relatively cheap carbon based energy and replace it with substantially more expensive renewable energy. So it's a costly exercise. That's why you can't get an international consensus. But here we have the Prime Minister saying it's cost free and indeed people will be over compensated so it's mixed messages.

EMERSON: She never said it was cost-free.

SWITZER: Well she has essentially. She says that so many people will be exempt.

EMERSON: You made that up. You just made that up.

SWITZER: No, she's basically saying it's cost-free and people will be over, well if you over compensated it, it's certainly more than cost free.

EMERSON: What we said is that low-income earnings will be over compensated: that is, a 20 per cent buffer. Many middle-income earners will be fully compensated; high income-earners won't be fully compensated.

SWITZER: But hang on isn't the whole focus of the policy to make people stop using carbon based energy?

EMERSON: No, and thank you for raising that. The whole purpose of the policy is to reduce the incentives for the 500 largest emitters to reduce their emissions.

MIRABELLA: Who are they? Who are they, Craig?

EMERSON: How much time have we got?

[inaudible]

DALLEY: There is a list.

MIRABELLA: My point is that the Government said they would release all the details on Sunday and when you look at the details on the \$9.2 billion package to go to the so called big polluters, the very last sentence says further details and guidelines will be released down the track.

EMERSON: Surprise, surprise!

MIRABELLA: So we don't even have the details of one of the largest elements of the Government's proposal.

EMERSON: Another conspiracy!

MIRABELLA: No it's not a conspiracy, it's just a basic not doing your homework and you're not being able to deliver . . .

EMERSON: We did a release on the same day. We haven't released the legislation. I mean, that's going to come out in the period but there's more than enough detail.

DALLEY: I just want to move on.

EMERSON: Are you saying there's not enough detail now?

DALLEY: I want to move on . . .

EMERSON: There's no detail in your plan.

DALLEY: . . . because we've talked or you've talked a lot about the flaws on Julia Gillard's side. Tony Abbott also has Malcolm Turnbull in the last few days refusing to really give unequivocal support for the direct action. He seemed to say oh well the best I can say is that that's Coalition policy and I'm a team player so I'll stick with that. Is this a big problem for Tony Abbott?

MIRABELLA: Absolutely not. Everyone has certain different views on all sorts of policies and what we aren't in the Labor Party in the words of Labor Senator Dougie Cameron, weren't not lobotomised zombies. People have got different views on all sorts of things.

DALLEY: In the Liberal Party?

MIRABELLA: That's the essential nature of democracy. You come together to a compromised position within your own political party and that's what happens. It's just a normal course of political discussion and discourse.

DALLEY: I suppose it comes on the end of a month ago wasn't it that Malcolm Turnbull said that your direct action was going to be extremely expensive.

EMERSON: He's right.

MIRABELLA: Well Helen we've made a decision, we made a decision a while ago. We've changed leadership and direction of the Party and that's been fairly clear and . . .

DALLEY: So Malcolm should go back in his box and be quiet?

MIRABELLA: No not at all, but the direction of the Party is very clear. The public knows where we stand, we will oppose the carbon tax, if it's still legislated we will make the next election a referendum about the carbon tax and there may be people I don't expect every single member of the Liberal Party to have exactly the same view as the leadership on every single issue. That's not a cardinal sin, that's just having different points of view.

HARRIS: What's fascinating is that I would argue that Malcolm Turnbull is now the single most influential voice on either side of the debate. Not in terms of he, because of the way he interacts into this debate is as the points, I don't mean to say because he's endorsing climate change, is when basically when he interacts with this debate, he gets more attention than any other one single player with just a few sentences.

DALLEY: Well the media's interested, is the public?

HARRIS: He may be totally wrong.

DALLEY: The media's interested, is the public? I don't think so.

HARRIS: I'm not saying he's right or wrong, I'm saying I don't think there's any other politician in the country who could say a couple of sentences here or there on the carbon tax.

MIRABELLA: Kevin Rudd. Kevin Rudd would get more column inches . . .

[inaudible]

MIRABELLA: Like he supports Julia Gillard?

EMERSON: Kevin Rudd supports the emissions trading scheme as does Malcolm Turnbull and you just said oh he should be able to say what he wants to say. He can't because he's been muzzled by Tony Abbott's office . . .

[inaudible]

SWITZER: I mean he has deep down support for this.

EMERSON: Malcolm supports an emissions trading scheme too.

SWITZER: Well but did you see him come out today against Bob Brown on the issue of carbon capture and storage. I mean there's serious divisions there in your own side and you're pointing your finger at Malcolm Turnbull who's a bit player on the sidelines. This guy's a senior minister in the Government.

EMERSON: Bob Brown's in a different political party. I thought the Coalition was a single you know like a political . . .

MIRABELLA: The real question is because you sit on the front bench you don't get to see Kevin Rudd's face during question time but when Gillard, Julia Gillard is having a tough time, Kevin is there with the biggest smile like the cat who swallowed the canary.

EMERSON: Oh yes, sure.

DALLEY: Sophie Mirabella, could I just bring you back to your side for the moment?

MIRABELLA: Sure.

DALLEY: Now do you think there is a credibility problem for Tony Abbott? He has travelled around the countryside saying this industry's going to close down, this shop is going to be really badly hit, Whyalla the town is going to be wiped off the face of the earth

which does seem an extraordinary exaggeration, particularly when you see what some of the steel makers are saying this week and also then the Mayor of Whyalla saying you know that's ridiculous. But also he's been very critical about the coal industry in terms of what this package might do to it.

EMERSON: A \$5 billion takeover bid.

DALLEY: And yet we've had this week an increased bid by the giant Peabody for MacArthur Coal.

MIRABELLA: And well the coal industry itself said that the Prime Minister was wrong, the Government was wrong to assume that one takeover bid was a signal that the coal industry wouldn't hurt. They went on to say . . .

DALLEY: But did that show some faith and that investment's not going to just rush off shore, doesn't it?

MIRABELLA: Well you've asked me a question, I'm telling you what the coal industry has said. So if you don't want to believe the Coalition, believe the coal industry and if people want to call . . .

[inaudible]

EMERSON: I think they've blown their credibility in this debate.

MIRABELLA: Finished boys? And um the coal industry actually said that 18 coal mines, they've done their research independently, 18 coal mines will close and the ability to employ workers in mines in the future will drop by 37 per cent. They have actually said that themselves and what they've said is . . .

EMERSON: Of course they have.

MIRABELLA: . . . compensation is only delaying the inevitable because it doesn't address the simple issue of competitiveness. You can compensate industries for three, four, five as many years as you like, the issue is when you have a go it alone carbon tax, a go it alone penalty on your domestic industry, it means that trade exposed industries will be hurt with cheaper competition from overseas and that is the problem. That is the fundamental problem that will hit coal, that will hit steel when the assistance runs out.

EMERSON: Trade-exposed industries are getting free permits depending on the level of trade exposure.

MIRABELLA: For how long?

EMERSON: Depending on the level of trade exposure, and there are tens of billions of dollars of investment in a bulging pipeline. That's the market and that's who I'd believe. The market, - not the Coal Association, Mr Hillman or Sophie Mirabella.

MIRABELLA: Are you calling Mr Hillman a liar, are you?

EMERSON: I just don't believe what he's saying . . .

MIRABELLA: I'd believe Mr Hillman over what Julia Gillard says.

EMERSON: . . . and I'll tell you who I really don't believe.

DALLEY: Alright, you can have your say.

EMERSON: Tony Abbott, who has said that the coal industry will die. Now these are very sophisticated international investors who are voting with their cheque books. They can't wait to get into the Australian coal industry.

MIRABELLA: They can't wait to pay a carbon tax!

EMERSON: And Tony Abbott is saying that it's all going to die; 'they're all fools, they're idiots. We don't know, the Coalition, why they are investing all this money. We have no idea why the biggest coal mining company in the world has put in a nearly \$5 billion bid for coal assets in Australia? It's completely confusing to us'. No surprise, because Tony Abbott says of economists they don't know what they're talking about.

DALLEY: Alright, we can . . .

SWITZER: How do you reconcile those remarks with Bob Brown's statements and many statements from the Greens that they want to close down the coal industry?

EMERSON: Our policy does not close down the coal industry. It does not close down the coal industry.

SWITZER: Not according to the Greens.

[inaudible]

EMERSON: If you want to quote the Greens, that's fine.

[inaudible]

DALLEY: Thinks that's not going to happen. Alright I'm sorry but I'm going to have to interrupt because we have to take a break.

SWITZER: Well you're in Coalition, the Liberal Party's never been in Coalition with One Nation. That's a furphy. Come on Craig.

EMERSON: No, no it's being in Coalition with each other and Tony Abbott's said so very often, including on these sorts of issues has . . .

SWITZER: This is your Coalition partner that . . .

EMERSON: . . . danced to the tune of . . .

SWITZER: . . . wants to close down the coal industry and you can't distance yourself from them.

EMERSON: . . . One Nation by saying that the science of climate change is absolute crap, and in fact the source of a lot of his statements, including speeches, was One Nation.

[inaudible]

SWITZER: The Greens will close down the coal industry, Craig.

DALLEY: Alright, we've had a wonderfully robust . . .

HARRIS: I think there's still one voter listening somewhere.

DALLEY: Yeah a robust discussion.

EMERSON: Malcolm Turnbull!

DALLEY: We're going to come back with more of The Nation as soon as this break is finished. Stay with us.

EMERSON: Hello Malcolm.

DALLEY: Welcome back to The Nation. We're going to change topics and talk about the News Corp scandal that has engulfed News International. It's a UK operations well really over the last several years but certainly over the last week and before we start it actually unified both sides in the House of Commons but I want to have the panel listen to a very strongly worded grab from the UK Prime Minister, David Cameron. Let's have a listen.

DAVID CAMERON: [CLIP] I think this is the right decision. I've been saying that this company clearly needs to sort out the problems there are at News International, at the News of the World, that must be the priority, not takeovers. So the right decision but also the right decision for the country too. But we've now got to get on with the work of the police investigation and the public inquiry that I've set up today.]

DALLEY: Strong words from the Prime Minister, perhaps better late than never. Now both sides were unified in this in the House of Commons and pushing for the company to back down from its B Sky B the full takeover. What did you think of that?

EMERSON: Look, I think we should now allow those inquiries to take their course. We often ask of the media the right to be heard, to put our case, and I think we should extend that same right to the media, in this case, the operations of News Ltd in the UK. I don't suggest for a moment that this is a practice that occurs in other countries. There's no evidence of that. I don't suggest for a moment that it's a practice that occurs in Australia for example.

But what does strike me is that there does seem to be a culture in the UK of this kind of prying and, you know, after gossip and the telescopic lenses and all that sort of stuff. The paparazzi, I'm pleased to say that neither Lochie nor I have ever been followed by the paparazzi anywhere here in Australia. So I just wonder if . . .

DALLEY: Speak for yourself Lachlan says.

[inaudible]

EMERSON: Well there was that one time, I remember. But look, I think maybe it's just a plausible explanation; it's a cultural thing in the UK and hopefully it hasn't spread ... all those practices are replicated in other countries.

DALLEY: So does mean you're exonerating News Corp in this particular role?

EMERSON: No, I'm simply saying a little bit of natural justice here. Let these matters take their course; let the inquiries take their course. The signs in the UK look very dark, but I don't want to get into a full-blown pre-judgment because that's exactly what we complain about when the media does that to us.

DALLEY: Alright, do you think the politicians - let's stick with them for the moment and it's not to say we're moving away from focus on the company - but do you think the politicians were forced to that position? They were very close to News Corporation and even David Cameron said, I think it was on the weekend, that politicians of both sides have been far too close and to curry favour with the empire.

EMERSON: Well I saw John Prescott. I think he was that bloke who gave someone a short-arm jab, remember, and went down like a sack of potatoes.

SWITZER: The 2001 election campaign.

EMERSON: Yeah, boom! Down he went. Anyway, I don't think Mr Prescott's all that close to that particular newspaper, so I think he would be exonerated from any accusation.

DALLEY: The current Prime Minister did have the former editor as his press secretary.

EMERSON: Yeah I know. I think that there is an issue there. Look, Mr Cameron has said 'look, I probably shouldn't have given some people the benefit of the doubt. I was very close to them'. Here in Australia, look, it is true we work closely as I think Sophie and everyone else would with journalists, with editors. But I don't think and I hope there's been no replication. I think it may be . . .

DALLEY: You don't think they'd . . .

EMERSON: . . . a cultural matter in the UK.

DALLEY: Lachlan, you now do work for the Sunday Telegraph, you're a columnist and Tom, you've been an editorial writer leader writer for the Australian so you've both have current and past links with News Corp. What's your view about this because it's a very messy affair? Could it severely damage the company?

HARRIS: Oh I really wouldn't profess to know about the future of News Ltd. I guess I mean I'm a political analyst. I'm not able to jump into share prices.

DALLEY: Alright well let's talk about the politics then.

HARRIS: Look my view is two interesting things to come out of it is I think a lot of people certainly in the UK but I think that's filtering through here understanding that media organisations are self-interested organisations and they pursue their own self-interest and that affects the way they report their news and people have to be aware of that whether it's Fairfax, News Ltd, Sky News and I think . . .

EMERSON: Not Sky!

HARRIS: . . . people are catching on to that and that's not a, I don't think that's not a conspiracy theory. I think that's just a simple matter of fact and people are starting to understand that and

that's kind of there's a hyper learning going on in the UK about that and I think part of the reason people are finding the climate change debate so confusing is because there's news outlets who have very different versions of the news and a lot of that I think is about not necessarily an ideological interest, it's where they think their self-interest is. I think voters are going to get even more confused . . .

EMERSON: The readership.

HARRIS: . . . by this program cause they'll suddenly start understanding that it's not you know the days of kind of facts being facts are well and truly over and that includes in the news unfortunately. The second thing I would say is I'm not convinced actually anything really will change in terms of the relationships between journos and politicians. In the end I think . . .

DALLEY: So you think in the UK hacking will still go on?

HARRIS: No, the relationship between journos and politicians. I think criminal activity will be stamped down on. That's a good thing but in the end I think . . .

DALLEY: What? So meaning that sort of very symbiotic relationship?

HARRIS: The very symbiotic relationship. Until as long as you've kind of got two political parties who generally don't have huge differences between them and they're trying to win elections on fighting on the petty stuff, they're going to be very susceptible to influences from individual media outlets. That's the reality. Until you know I think it's as much a spine problem as it is a kind of closeness problem and there's a sort of general lack of spine in both the major parties, both here and in the UK about dealing with media organisations and taking on their self-interests against the interests of the country.

DALLEY: Sophie Mirabella, how did you feel when you, you know a number of the allegations, but one of them is that former Prime Minister Gordon Brown, the health records of his sick baby were hacked into? Now you know that could be one of your kids or one of any of you politicians' family private records.

MIRABELLA: Totally unacceptable, totally disgusting behaviour, totally not on and you've got to wonder how long this has been going on for. They overstepped the mark and there does need to be a detailed and deep investigation into this. You've got to question as well what sort of culture has a thirst for this sort of information in the tabloids as well. But I would hope that after these revelations and the huge shock to News Ltd that that

behaviour does stop because let's face it, they are just another business. The media is just another business. Yes there are rights of journalists, the right to be able to expose certain issues and stories, but they're not police, they're not the secret service, they should not be able to do this and get away with it, whether it's under some argument of the public interest in the right to know certain things. They overstepped the mark and they know it.

- DALLEY: Tom Switzer, how does one argue that it's in the public's interest to know that the Prime Minister's baby is ill and therefore that child's privacy has been enormously infringed?
- SWITZER: Well I think there's a general consensus whatever side of politics you sit on or whatever ideological wavelength you're on that this was a detestable and deplorable incident. I mean no-one will . . .
- EMERSON: Indeed.
- SWITZER: Absolutely, but I think however deplorable it was it would be a great shame if certain segments of the media and you're starting to see this already, use this controversy as a way of demonising Rupert Murdoch and his News Ltd corporation.
- DALLEY: Sorry are we talking News Ltd in Australia or are you talking the big News Corp worldwide organisation?
- SWITZER: News Corporation. Well look Rupert Murdoch for all his flaws has published a lot of good newspapers over his time. The Wall Street Journal in the United States, the London Times in Britain, the Australian newspaper, I think Craig will acknowledge having been a regular contributor, it is a very good newspaper. That's not to say everything that Rupert Murdoch does is wrong, but all things considered he has done a lot to save the newspaper industry in this country and indeed around the world and I think it's really disappointing when you see newspapers like the New York Times, the Guardian in Britain, to some extent the Fairfax Press here, Sydney Morning Herald and the Age indulge in a feeding frenzy and having glee at Murdoch's travails right now.
- DALLEY: Is it part of the . . .
- SWITZER: Yes it's a deplorable episode but don't let that tar the whole.
- EMERSON: I thought John Hartigan did the right thing in the last couple of days. He said 'look, you know this is not a culture that's in our organisation here in Australia but we'll do an audit'.

DALLEY: Well he's going to have an investigation.

EMERSON: We'll do an audit you know and he stood up, he didn't cower behind ...

SWITZER: Yeah I also think these tabloids in Britain, particularly the Daily Mirror which is not a Murdoch paper and the Sun which is a Murdoch paper and its sister publication the News of the World, the now defunct News of the World, they're a different breed of tabloid newspapers to our papers.

HARRIS: I think they're the future unfortunately.

[inaudible]

HARRIS: I think media organisation, they were pushed there by competition between themselves. The reality is I think that's where it's getting harder and harder to make money in that business. People are going to be more and more desperate for stories. Fortunately I'm not so hopeful that this is a kind of . . .

SWITZER: That's a very pessimistic view, Lachlan. You think good quality journalism is a thing of the past?

HARRIS: I absolutely think it's going to become harder and harder to fund it, and I just think all the evidence is there, Tom. It's not I'm kind of looking at the . . .

DALLEY: You mean the quality journalism will be harder to fund so they'll look to the tabloids . . .

HARRIS: Absolutely.

DALLEY: . . . to make more money?

HARRIS: They compete on . . .

SWITZER: Content is still king. I mean people turn to the good newspaper title because of their content. People aren't going to go to some dodgy website . . .

HARRIS: . . . there's less and less of those people, you know what I mean. There's a reason why . . .

DALLEY: Alright, Tom, I just want to ask you about today Bob Brown, the Greens leader, has called for a Parliamentary inquiry into the Australian sort of set up and whether media concentration in general is too concentrated and into the media in general as I understand what he's saying. Do you support that?

SWITZER: No I don't, I think this is just an excuse for people like Bob Brown to reregulate the industry and that'd be the last thing you'd want to do. I mean in this age of the internet, the cable television, there's a plethora of voices out there. It's very hard to regulate that.

DALLEY: Would it be is there some justification given that we know that this has been going on, two employees did go to jail in 2007, self-regulation didn't work, they didn't clean it up themselves?

SWITZER: Look there's probably a case for an inquiry but look I just think there is a danger here in equating the scandal with the News of the World in London with what's common journalistic practices in Australia.

DALLEY: Alright do you . . .

HARRIS: Also Helen I'd say it's not clear that even if there had been regulation it would have been enforced in the UK. I mean the police basically pushed this under the carpet.

[inaudible]

SWITZER: That's a very good point.

HARRIS: In the end it's a spine problem here like the police, you know the political parties, they all knew what was going on. There was no doubt here.

EMERSON: We know what ethics are; we know what criminal behaviour is. But I tend to agree with Tom in respect of, imagine trying to reregulate what is let's say an old technology but a surviving technology, which is print media. I think it survived a lot longer than people thought around the year 2000. I think it will continue to, but it will morph into our iPhones and our iPads. But people will still want to get the physical paper. But the idea of re-regulating an industry in what is the electronic age, I think is absurd.

HARRIS: The voters should be looking for politicians who have the spine to stand up to any media organisation because that's really the only way to stop this sort of stuff happening. It's not you can regulate . . .

DALLEY: And do you think that's why David Cameron in the end did?

HARRIS: Well I think he's done a significant huge amount of damage to Cameron, exactly because he's caught into it and if it had been a Labor Prime Minister it probably would have done as much damage to the Labor Prime Minister.

SWITZER: And it's poor judgment to hire Andy Coulson.

HARRIS: It was a terrible call. And that is the kind of I think the big learning out of it is really it's strong politicians are the only ones who can stop this sort of stuff happening and look for those people and vote for them.

MIRABELLA: But also conversely you do need a strong press that's not intimidated by powerful politicians and powerful Governments.

HARRIS: Exactly right.

MIRABELLA: Bob Brown may not like what the Murdoch press says on his pet issues.

[inaudible]

MIRABELLA: But he can't run a jihad against the Murdoch press because they don't agree with him.

[inaudible]

EMERSON: I don't think John Hartigan is too intimidated by Bob Brown and Bob Brown has a right to say what he's saying . . .

[inaudible]

HARRIS: It would be hard to know who likes who more, whether the Murdoch press actually really likes Bob Brown more or Bob Brown.

[inaudible]

SWITZER: They have a mutually beneficial relationship. They need each other. It's the ones in the middle who have a problem.

DALLEY: Alright so . . .

EMERSON: Tony Abbott's socialist alliance.

DALLEY: Alright well on that note we do have to finish The Nation tonight. I do want to thank my guests, Craig Emerson, Lachlan Harris, Tom Switzer and Sophie Mirabella. Thank you so much for joining us. That's it from me. See you soon.