



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
ABC 612 Mornings with Terri Begley

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E&OE

Subjects: carbon pricing, Abbott's audience-tailored climate policy, Collins Class submarines, land use.

- TERRI BEGLEY: It's time for *Inside Canberra* with Gillard Government Minister Dr Craig Emerson, and Deputy Opposition Leader, Senator George Brandis: both just slipping into the studio and behind the microphones. Good morning, gentlemen.
- GEORGE BRANDIS: Morning Terri. Morning Craig.
- CRAIG EMERSON: Hello George and Terri.
- BEGLEY: Good to see you upright and with a pulse. Not many people around 612 can say that at the moment. There's so much illness around. Are you seeing it around you? Are staffers going off sick at the moment?
- BRANDIS: None of my staff have been ill, but they're a very robust crew. May I say, I hope Madonna

is listening, too, and may I say, Madonna, I hope you get well soon.

EMERSON:

And I join with George in expressing those sentiments, Madonna. I did this year, as I have most years, have my flu shot. And for some reason, that seems to work very well, not only against flu. But if I do that, I usually get through the winter pretty well.

BEGLEY:

All right. Well if either of you are feeling a little poorly, we've got, I think, a couple of spray cans of disinfectant in the studio that we're kind of spraying on everyone and the microphones every 10 minutes. So don't be alarmed if I start spraying you.

EMERSON:

We will be alert but not alarmed.

BEGLEY:

[Laughs] Now you knew it was going to come up again: the carbon tax. And in the last half an hour, we've just been taking a different angle on it, and whether or not people could come up with a better slogan, a better name for it than Labor, and a better way of fighting against it for the Opposition.

Lots of people are interested in putting their two cents' worth in. Firstly, Craig Emerson, what did you think of the winning strategy: you want tax, we want facts? That was for the Coalition. Do you think that's going to get the Coalition any more support?

EMERSON:

The last thing I would do is provide advice to Tony Abbott other than to 'fess up and tell us that he doesn't actually believe in climate change at all.

I thought, however, “the polluter pays”...

BEGLEY: Yes.

EMERSON: ...is quite good.

BEGLEY: Yes.

EMERSON: Because that's essentially what it's about: that is, those 500 companies that emit the most carbon into the atmosphere would pay under this carbon pricing mechanism.

BEGLEY: Look, I'm not going to talk too much about what we've been talking about in the last half an hour ...

EMERSON: Mmm.

BEGLEY: But the brand strategist that we had in said this negativity associated with the word “tax” has really given the Coalition an advantage. He seems to think that if you had renamed it, had called it a levy and thrown pollution into the title, it would have worked better. Is it too late to even change the message?

EMERSON: I think that it's true that when you say “tax”, not too many people say ‘that's what I really want, a new tax’. The way it works is that the previous scheme, which was called the Carbon Pollution Reduction Scheme, that we didn't manage to get through in the previous Parliament, had a one-year fixed price permit and then a full floating price as set by the market. This scheme has three years fixed price and then a floating price. So it's an emissions trading scheme, or to use this

previous terminology, a Carbon Pollution Reduction Scheme; goes back to the theme of the winning entrant ...

BEGLEY: Mmm.

EMERSON: ...polluter pays.

BEGLEY: Okay, so it's got your vote. What about you, Senator Brandis? Do you think that the Coalition's Direct Action Plan is cutting through to people? Or do you think that something snappier is required?

BRANDIS: No, I think it's cutting through very well because it's a very clear plan. It is very similar to the plan that's been adopted by President Obama in the United States, of planting many more trees to absorb carbon from the atmosphere, subsidising large power generators and other heavy industries to clean up old plant and equipment so that they are state-of-the-art, which I think is an investment well worth making. And using smart technology like soil carbon to bury carbon and fertilise the soil.

Now people understand that and I think ... but I think there's a deeper issue here, and every time I here Craig say, 'well, the carbon price mechanism, or the whatever', I wince a bit because everybody knows that he's using those words to avoid calling it what it is: that is, a tax.

And as Sir Joh Bjelke-Petersen once famously said years ago in a different context: If it looks like a duck and it quacks like a duck, it's a duck."

EMERSON: I didn't realise that was Joh?

BRANDIS: This is a tax.

EMERSON: I thought it would probably be Groucho Marx.

BRANDIS: It was. And ...

BEGLEY: It's been used a few times.

BRANDIS: And this is a tax. People know it's a tax. Every time you have a Labor Party politician try and use weasel words to escape describing it for what it is, the Government's credibility problem gets that much worse.

And I think, if I may conclude on this point, Terri, there's an even deeper problem: the Labor Party ... this is being sold on behalf of the Labor Party by Julia Gillard, who is the one person in Australia least credible on the issue of the carbon tax because she is the person who six days before the election said 'there will be no carbon tax under the government I lead'.

And people say, quite sensibly, 'well, if we couldn't believe her about that, why should we believe her about any of the details of the carbon tax?'

BEGLEY: Well, let's look at a couple of things that have made news headlines in the last couple of days. Senator Brandis, why is Tony Abbott not happy with a 5 per cent reduction target?

BRANDIS: He is. That's our policy; that's always been our policy. I think the reason you ask that question

is because some remarks he made at the Gold Coast a couple of days ago were taken out of context.

BEGLEY: No they weren't.

BRANDIS: Well, they were.

EMERSON: I watched him

BRANDIS: If you read the transcript...

EMERSON: I didn't need to, I watched him live.

BRANDIS: If you read the transcript, what Tony Abbott was saying is that what we are doing is crazy because Australia's contribution to global emissions and Australia's capacity to influence the overall global temperature is so miniscule, that while it might be a good national aspiration to reduce our emissions by 5 per cent - which we support - to put our economy through this terrible turmoil; to put the ... to force up the cost of living on Australian households for no good purpose is crazy.

BEGLEY: How can you support the bipartisan agreement that 5 per cent reduction is achievable and something that...

BRANDIS: Very easily.

BEGLEY: ... you support, and yet, saying the same way that it's crazy to do this?

BRANDIS: It's crazy to do it in this way.

EMERSON: No, no. That's not what he said.

BRANDIS: And we ... that's why, going back to the Coalition's Direct Action Plan, we think that we can achieve this goal; it's a worthwhile goal. It's not going to make a huge difference to the glo ... to global temperatures, and everyone knows that. But, nevertheless, it's a worthwhile national aspiration.

BEGLEY: A quick response ...

BRANDIS: But we shouldn't do it by turning the economy on its head and inflicting terrible hardship on Australian families.

EMERSON: I'm sorry to say what George has said is untruthful. I watched Tony Abbott and he said this 5 per cent reduction target is crazy. He was not talking about Labor's plan or his plan. He said the target is crazy on the same day on a website he recommitted the Coalition to it.

Now, George has just described it as a “worthy aspiration”. This is a target that both parties have committed to hit. Now it's being diluted to a worthy aspiration and it was absolutely Tony Abbott attacking his own policy. He's become so negative that he's attacking his own policies.

BRANDIS: Well look Craig, I mean, I think you're being a little pedantic here. And I can sort of understand why you're trying to sort of clutch at every straw ...

EMERSON: “Crazy” is a strong word.

BRANDIS: ...clutch at every straw in this argument. He actually didn't say the target is crazy. He said, if you look at the transcript, 'this is crazy'.

EMERSON: No, I wanted to...

BRANDIS: In the course of the speech, about criticising the Government's policy...

BEGLEY: All right.

BRANDIS: ...he said, 'this is crazy'.

EMERSON: Completely untrue, George.

BEGLEY: All right, well unfortunately I don't have a segment of his speech to replay right now, which I would if I did. But still on this, reports around today, Craig Emerson, that Julia Gillard is only selling the tax in Labor-held seats. Is this ... do these reports hold any weight?

EMERSON: No, they don't. I mean ...

BEGLEY: Is there a campaign to try and win over the Labor-held seats on this - hang onto them?

EMERSON: There's a campaign to persuade the Australian people that this is a good policy, not only for the environment, but for the economy; to make sure that our economy remains strong as we make the transition to a clean energy future.

If we don't do that, then we'll be very vulnerable - and I'm the Trade Minister - very vulnerable to international retaliation. It is

completely false for the Coalition to claim that other countries are doing nothing. China is working on an emissions trading scheme for five cities, and is starting to talk about a national scheme. Other countries are moving, and what all economists will tell you, that this is the most cost-effective way of doing it, not Mr Abbott's Direct Action Plan.

In fact, Mr Abbott was asked to cite economists who supported his Direct Action Plan. I think probably the closest he could ever come is Lord Monckton, who doesn't want to see any action on it at all. But all economists will say the emissions trading scheme is the way to go, and indeed, Tony Abbott, in 2009, actually said, 'you can't have a climate change policy without supporting an ETS'; that's an Emissions Trading Scheme.

BEGLEY: A final quick comment please, George Brandis?

BRANDIS: Look, just a quick comment...

BEGLEY: And we'll move on.

BRANDIS: ...I always smile when I hear a politician say, 'well, all economists agree with each other about such-and-such a proposition', and I remember...

EMERSON: They're united in their opposition to your policies...

BRANDIS: ...and I remember a famous occasion about nearly 30 years ago, when the Thatcher Government had just been elected in the United Kingdom. And 274 economists, most of

the most prominent economists in England, signed a joint letter to the London Times newspaper saying the Thatcher Government's economic policies would be a disaster for Britain, and we all know how successful the Thatcher Government's economic policies were.

EMERSON: She would have had some economic supporters. Tony Abbott's Direct Action Plan has none. None!

BRANDIS: But the argument you're making is the same argument: because there's a consensus in a particular profession, a consensus of professional opinion, then it must be right.

EMERSON: The 2nd of October, 2009, ABC *Lateline*: "We are taking these issues seriously, and we'd like to see an ETS." Spoken by Tony Abbott.

BEGLEY: All right, let's draw a line under that, gentlemen, because my eyes are starting to glaze over, and probably just a few listeners. There's been so much talk on the carbon tax here on air.

BRANDIS: And I think there's going to be even more as the year goes by, if the Parliament forces this on the people, when the Prime Minister promised not to.

EMERSON: And George and his colleagues are measuring up the curtains, whether they'd prefer green, or red...

BEGLEY: Now, let's move on to another topic: the Collins Class submarines. The Defence Minister, Stephen Smith, has ordered a review

of the maintenance regime of the Collins Class. What have the problems the subs have experienced meant for the operations of the Defence Force? How has it impacted?

EMERSON:

Oh look, it is an issue, and that is that the various maintenance problems have meant that many of the Collins Class submarines have not been operating at the same time as...

BEGLEY:

How much money has been spent on them, to this point?

EMERSON:

I don't have the figures, and often with Defence it's because it tends to be more a global budget, Terri, you don't get to see the line-by line-accounts that you do in some of the other portfolios.

But Stephen Smith's doing the right thing: he's called for a proper review to see if we can do better than the maintenance record of the Collins Class submarines. I'm just being frank - it is an issue.

BEGLEY:

Senator Brandis, have we had value for money on this?

BRANDIS:

Well, it doesn't seem so, and I should remind you, Terri and your listeners, that the Collins Class submarines were in fact a legacy to the Australian people of a previous Labor Government, the Hawke Labor Government and its Defence Minister, former Senator Robert Ray, who against a lot of professional advice, decided to build these submarines. So it was said at the time, in order to shore up a couple of marginal Labor seats in Adelaide,

before the 1987 Federal Election. So you know, when you make bad public policy for political reasons, it haunts you for decades into the future.

EMERSON:

Well, let's just understand that George Brandis has said that the people in Adelaide don't deserve Defence projects. Of course they do; and there was plenty of bipartisan support for the Collins Class submarines.

BEGLEY:

What about the replacement of these submarines? Can that be fast-tracked, given this ongoing problem?

EMERSON:

It would be wrong of me - it's a very important question - and it would be wrong of me to wing an answer to a question like that, Terri. Suffice it to say that Stephen Smith as Defence Minister is giving this very, very close attention.

BEGLEY:

You're listening to *Inside Canberra*, with Senator George Brandis, and Minister Craig Emerson.

An issue closer to home that we've been talking about this week on air is mining and farmers' rights. This is really hotting up as an issue, particularly leading into a state election, and it will probably still be around in time for the federal poll.

Now, we know a Senate Inquiry into this issue is underway. We've heard from the chair of that inquiry, Bill Heffernan yesterday, and some of the viewpoints that farmers have been putting to the Senators about their concerns. What sort of problems can two of our major

industries, agriculture and mining, being at loggerheads do? I mean this is not a good thing for our country. We want both of them to survive hand-in-hand; next door to each other. It just doesn't seem to be working ...

EMERSON:

I think it is available to creative people to have the concept of multiple land use. I used to be the head of the Environment Department for five years here and, outside of National Parks, that was the prevailing concept.

Now, sometimes they come up against each other. But, again, if we think of what sort of mine are we talking about - if it's coal seam methane then the impact on the land doesn't necessarily - on the surface of the land, compared with an open cut coal mine is not anywhere near as big as that. But then there are issues that have been raised from time to time about water quality. I think everyone's paying attention to that.

In terms of open-cut coal mines, I'll say incidentally there's 87 of those either underway or awaiting approval; so much for the carbon pricing destroying the coal mining industry, which is Tony Abbott's claim.

But on open cut, of course that's very disruptive but, again, not all our agricultural land is sitting on big coal seams.

Take Victoria, for example. And I know we're talking in the great state of Queensland, but no one's talking about digging up brown coal in Victoria.

And out in more in the outback areas, they've coexisted for years - big coal mines and pastoral holdings.

BEGLEY:

But you do have this perception issue developing that the farmer is up against sort of almost sometimes a David and Goliath perception; that farmers, some of them are saying, look, they don't really understand what they're signing with these agreements with the mining companies. And they're concerned that the Queensland Government, which directly benefits from the royalties from the mines, has a say over where these people are allowed to go.

Some people are saying, those on the farms, that the Queensland Government should not have that ... that ownership or that control of the process; that it should be handed to the Federal Government to, you know, increase a perception of fairness on this.

Senator Brandis, what would you do on this?

BRANDIS:

Well, we had a very constructive discussion about this at the LNP state conference last weekend, and we had a very moving address, actually, from a lady who was a local landholder. I think it is largely a land management issue. I agree, to an extent, with what Craig has said. There are ... there is the interest of the miners and there's a broader interest because the miners bring an enormous number of jobs and we need jobs in regional Queensland.

BEGLEY:

We also need to grow food, too.

BRANDIS:

But at the same time we also need to ...you're quite right. We need to grow food and we need to protect the proper interests of the landholders. And there's a third interest as well, and that is the broader public interest in the environment and, in particular, in the protection of the water table which, depending on the technique used in coal seam gas extraction, can be affected.

Now, I'm not a specialist or an expert in this field but I know - I've followed the debate closely enough to be aware that those - the three different interests. They all ... they do need to be reconciled and I don't think that one should be sacrificed to the others.

EMERSON:

And I think that is capable of reconciliation. I actually do. I'm not a pessimist about this. So there's no problem of having parliamentary inquiries and shining a light on the issues, but I'd just seek to impart this view: that they can coexist.

BRANDIS:

And I ...

EMERSON:

And these are ... like George is right. There's a bit of a sense maybe that, 'oh, it's a big mining company'. State governments, federal governments do get revenue out of these. Where does that go? Hospitals, education and so on. So there are broader benefits from mining than just those people who, you know, put the hole in the ground and local communities who service those mines that benefit from them.

BRANDIS:

That's right, Craig, and also there is ... there are different interests between, for example,

the landowners on the one hand and the people in the towns...

EMERSON: Exactly.

BRANDIS: ... like Roma and Dalby...

EMERSON: The point I'm making is...

BRANDIS: ... who aren't agricultural producers but whose towns will benefit greatly by the extra jobs that the mining will bring to their region. So, you know, there are all these different interests that I think, in a democracy, you know, should be reconciled.

EMERSON: I came from a small country town and I remember they came looking for oil outside of Baradine and along the Coonamble Road, and they didn't find any. We were very, very disappointed about that but, interestingly, they're back. And this is an area now where they're looking for gas, because in those days if you found gas you were really disappointed, really annoyed. Now you find gas you go, 'hey, we've got...

BEGLEY: You've got a big smile.

EMERSON: ... a commercial prospect here.'

BEGLEY: It's certainly going to be an issue that will be one to watch leading up to the State Election. Whether or not it wins or loses votes for either side will be interesting to see.

Just a final quick note. I mean, you've ended on a fairly peaceable note so, you know, I'm

not too concerned about you coming to blows at this point ...

EMERSON:

There's no shoe-throwing here.

BEGLEY:

No, not at the moment. If you can just throw at me the nicest moment you've had in the past week. Whether it's someone you've met, you've had the privilege of meeting because of your position as a politicians; that they've done something wonderful or for their community.

Craig Emerson?

EMERSON:

A very emotional and moving time for me, actually. I worked in the United Nations between '78 and '80; visited the refugee camps where the poor refugees from Cambodia were flooding across the border and saw a lot of people die - and we actually saved some lives. My boss at the United Nations was so moved by that story when we came back and reported to him that he dedicated five years of his life to Cambodia and he's written a book and I'm just so proud to have been associated with that.

BEGLEY:

Isn't that wonderful? Wow. I'm not expecting you to top that, George Brandis.

BRANDIS:

No, look, I'm not ... I'm not going to top that. The best thing that I did, at least in a public sense in the last week, was I was asked to move a vote of thanks to Tony Abbott at the LNP state conference last Sunday morning. And Tony gave a ... an incredibly moving and strong speech, and he really looked like and sounded like the leader of the nation last Sunday. And there were 700 cheering people

who look to him as their champion and their political hero and it was a ... it was a ... you know, in a political sense, in a political forum, it was as moving a moment as I can remember for a long time.

BEGLEY: Well, thank you for both reminding us that it's not all nastiness when it comes to politics.

EMERSON: We've still got our shoes on.

BEGLEY: Good morning, gentlemen.

EMERSON: Bye bye.

BEGLEY: Senator George Brandis and his colleague, his sparring partner, we like to say here on *Inside Canberra*, Craig Emerson.