



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
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E&OE

Subjects: Coal-seam gas, China's economy.

CRAIG EMERSON:

A bit cool for you; it's all right for me. I've just come from China where it's 36 degrees. Well, what a mess. Mr Abbott's all over the place on the issue of coal-seam gas as on so many other policy issues. He's had four different positions in four days. On Friday he said that landholders should have a right of veto over coal-seam gas exploration. On Saturday it was the sounds of silence. On Sunday he had one of his lieutenants saying what Mr Abbott really meant to say was something else altogether. And then today he sought to clarify what he said on Friday.

The problem with Mr Abbott is that he speaks two statements to two different audiences because all he is is a rank political opportunist

trying to harvest votes wherever he can. The big problem for the nation is that Mr Abbott is a big risk. This issue is one that is riddled with sovereign risk. As Trade Minister I'm legitimately concerned about the fact that Mr Abbott is sending a message to Australian gas explorers and overseas gas exploration companies that they may face a veto in terms of their ability to explore for minerals and energy in this country. This is a big issue of sovereign risk created by Mr Abbott for one reason and one reason only - his desire to harvest votes.

Mr Abbott has proved himself yet again to be the two Tonys: one Tony saying something in the heat of the moment, another one pretending to be gospel truth Tony. But the fact is the real Tony here is the one who is actually setting out to elevate sovereign risk in this country by saying to foreign investors that they may not have the right to explore for minerals here in Australia. This sends a very bad message to countries overseas. And what it says about Mr Abbott is that he will say anything and do anything and in the course of this prejudice the national interest and our future mineral development in this country.

QUESTION:

What is your attitude to Premier Bligh's announcement of no exploration near towns?

EMERSON: Well the issue of access to properties is really properly an issue for state governments and this is what Mr Abbott has failed to understand. He has sought to intervene. He has sought to intervene and either doesn't know or doesn't care that the minerals beneath the ground are actually the property of the Australian people, not the property of landholders. And different states have different views on how to manage this issue. The Commonwealth is happy to work with the states, but we will not be intervening and overriding states as Mr Abbott has sought to do.

QUESTION: Do you agree with Ms Bligh's view or do you think that that presents some danger to sovereign risk?

EMERSON: Well as I say the states have had jurisdiction over these issues for decades now and it is ultimately up to the states. We're okay about working with the states on these issues. But what we won't do is send a message to foreign investors, to this country, that perhaps if Mr Abbott were the Prime Minister of Australia that the minerals would not necessarily be owned by the people of Australia, but by the landholders or, indeed, that over any and all land, landholders could have a right of veto.

These matters can be managed sensibly. They can be managed sensibly but the debate is not helped at all by Mr Abbott's either

ignorance or wilfulness in indicating that landholders should have a veto over any and all gas exploration and, potentially, if it's to be non-discriminatory a veto over all mineral exploration in this country.

QUESTION: The Greens seem to have the same view, Dr Emerson. Are they a sovereign risk as well?

EMERSON: Well we don't agree with The Greens on their attitude to coal-seam gas. We don't agree with The Greens at all on their attitude to coal-seam gas. There are many good analysts who agree with this proposition, and that is that gas is the transition fuel to a low-carbon economy, to a clean energy future. Australia has very large reserves of gas both off the coast of Western Australia and on the eastern seaboard. And that is a very valuable asset for Australia. And it is being damaged; its value has been damaged and downgraded by the political opportunism of Mr Abbott.

To directly answer your question, we do not agree with the Greens position on this matter either. The agreement, philosophically, is between the Greens and Mr Abbott. There is a Liberal-Green coalition on this matter.

QUESTION: Does opposition to coal-seam gas potentially undermine the effectiveness of your carbon package that you brought down last month?

EMERSON: Well indeed. Because coal-seam gas and natural gas more generally is regarded as the transition fuel to a low-carbon future, to a clean-energy future, efforts to prevent the development of gas in this country are inconsistent with the transition to a low-carbon future. That is a fact not only in Australia but around the world. I've just come back from China. China is still very, very hungry for Australian energy resources, as is Korea, as is Japan, as are most countries of East Asia. And the fact is that Mr Abbott would devalue this enormously valuable asset for one reason and one reason only: his aspiration to get into The Lodge.

QUESTION: If you're so clear though that the land under the ground is owned by the people, why is there a risk posed by Tony Abbott? If that's the law then there's no sovereign risk issue.

EMERSON: There's a big sovereign risk issue because Mr Abbott has said on Friday that his position is to give landholders a veto over access to those minerals. This would overturn more than a century of practice in Australia that has gone undisputed in this country for more than a century. It became a matter of dispute on Friday when Mr Abbott in his overweening desire to agree with every proposition that is put on radio to him was prepared to sacrifice the stability of 100 years in this country for his rank political opportunism.

QUESTION:

But Minister, isn't he also pointing out the policy failure at a state level whereby you can have farmers going home and finding people exploring for coal-seam gas on their property. I mean that's a considerable issue and one that's actually presented - was presented - to Abbott last week.

EMERSON:

Well, indeed the states are grappling with this issue. They are grappling with this issue and all the information available to me says that at least the major coal-seam gas explorers are not only consulting and working with local landholders, but they are quite prepared to pay very substantial amounts of money for any drill hole that is actually drilled. Now that's a cooperative approach.

That's the cooperative approach that is being pursued by major coal-seam gas explorers in Australia. Mr Abbott wants to end that. He wants to end a cooperative approach and just say that landholders can have a veto over the exploration for coal-seam gas in this country. Now if this principle of Mr Abbott takes hold just think of the consequences. If he were to apply that in a non-discriminatory way then it would apply not only to coal-seam gas; it would apply to hard minerals. It would not only apply to prime agricultural land; it would apply anywhere and everywhere around Australia.

And it would be not unreasonable for other landholders to say, 'Mr Abbott, if you were the Prime Minister, if this good enough for landholders for coal-seam gas exploration, it's good enough for us because we are landholders in other minerals in other states and therefore we should have the same rights to'. What does Mr Abbott say to them?

QUESTION:

So you're saying it would bring the mining industry to an end?

EMERSON:

No, I'm saying that Mr Abbott poses a very substantial risk to the mining industry of this country. He, by his statements, is elevating sovereign risk for mining in this country. It is an elevation of sovereign risk that goes beyond the issue of coal-seam gas exploration to the broader industry. And I note that some companies have expressed some concern about this. If I were in the mining industry I would be expressing a lot of concern about it. If I were a coal-seam gas explorer I would be expressing a lot of concern about this.

Because what you don't know with Mr Abbott is this. Is he gospel truth Tony or is he heat of the moment Tony? And if he were Prime Minister, would he be ringing up radio hosts and asking what their policy position is on a particular issue so he could follow it? I mean this is the level of superficiality of the alternative Prime Minister of Australia. That's

why he's a risk. That's why he's elevated sovereign risk.

QUESTION:

So turning on its head, Minister, do you support miners having an unchecked right to go and explore for minerals, gases and so on as long as it's not something that they have direct control of - i.e. in the soil?

EMERSON:

What I support is the role of the states in making these decisions and the willingness of the Commonwealth to work with the states on these issues. For the best part of a hundred years or even more we have actually had essentially a cooperative approach on the issue of mineral exploration in Australia. Mineral exploration in Australia overwhelmingly occurs either on freehold land or on leasehold land and in those circumstances there usually would be consultation with the freehold owners or the leaseholders. That's been working pretty well for a hundred years in this country and Mr Abbott wants to overturn it by saying to landholders you have a complete right of veto no matter what the circumstances.

QUESTION:

You say the farmers don't really have anything to complain about?

EMERSON:

No, I didn't say that at all. I said these are matters that are appropriately managed by the states and I know some states are putting in a

genuine effort in respect of coal-seam gas exploration to find the right balance, particularly where we're in a situation where large coal-seam gas explorers already engage constructively with landholders. This is just a flow-on from what's been going on for a hundred years. Mr Abbott just wants to turn that on its head and give people the right to veto.

Now today he says that's not his position. Well you know it's a day ending in A-Y. It's Monday. Tuesday, he could have five positions in five days. Mr Abbott has had four positions in four days. Just wait and see. On the fifth day he'll have another position.

QUESTION:

What's your view on Barry O'Farrell's moratorium on fracking?

EMERSON:

Well again these are ultimately matters for the state but I would urge everyone in Australia to accept that coal-seam gas exploration and development as a whole is in this country's national interest. Why? Because the world is turning to gas as the transition fuel to a low-carbon future, to a clean-energy future. We are sitting on vast reserves of natural gas in this country and why would you devalue them by making completely irresponsible statements, reckless statements, risky statements as Mr Abbott has made.

QUESTION: We've got plenty of gas in WA for instance.

EMERSON: There is plenty of gas in Western Australia and there's plenty of gas on the eastern seaboard. And there's plenty of demand for gas that would take up the known reserves in both Western Australia and on the eastern seaboard. This is a great asset for this country. Coal-seam gas is a great asset for Australia and Mr Abbott has sought to devalue that asset by increasing sovereign risk.

QUESTION: Just more broadly in the context of some of the economic uncertainty overseas. There's some speculation today that's been around for a while that China's growth is going to slow a little bit, go down to about 7 per cent. What does that mean for trade with China and demand for some of our commodities and steel? Is that going to have an impact?

EMERSON: It is speculation. In fact I think inflation reached 6.5 per cent just recently in China. A fair bit of that driven by food. I've just come back from China. The feeling is that at least among some senior people in the Government of China that the inflation rate may well have peaked. In any event, China's changing its growth model away from an export-led strategy to domestic consumption and spreading the benefits of growth more widely across the country of China. That actually opens up brand new

opportunities for Australia in terms of our services' exports.

In 2010 China became Australia's biggest service export market. And what was clear from the delegation that I led of more than 100 business people is that businesses and the leadership in provincial China are very interested in our offerings of services. So while minerals and energy exports will continue to grow strongly in China, at the same time we'll be diversifying into services.

Thanks very much.

