



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

Transcript  
Sky News AM Agenda with Kieran Gilbert

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E&OE

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*Subjects: Coalition's carbon price threats, Cabinet leaks, asylum-seekers, pokies reform.*

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KIERAN GILBERT:

Good morning and welcome to the program.

First, the Opposition warned business not to buy future carbon permits because they would not be reimbursed under a Coalition Government that scraps the carbon tax.

Now, the Shadow Treasurer Joe Hockey is urging business not to rely on money provided by the \$10 billion clean energy fund.

Lots to talk about, including that issue, and also a collapse in support for poker machine reforms.

And with me to discuss this - these issues - the Trade Minister, Craig Emerson, the Shadow Attorney-General and the Deputy Opposition Leader in the Senate, Senator George Brandis.

Gentlemen, good morning to you both.

GEORGE BRANDIS: Good morning, Kieran.

CRAIG EMERSON: And to you, Kieran.

GILBERT: Senator Brandis, first to you. Front page of the *Financial Review* newspaper this morning: Abbott stand sparks power price anger. Concerns about uncertainty around investment; concerns that prices will actually go up because of your stance and that companies won't be able to hedge their prices in terms of buying future permits.

BRANDIS: Well, two things to say about that Kieran. First of all, what Mr Abbott's statement was designed to do was to bring certainty, not uncertainty. Because if a Coalition Government were to be elected at the next election - whenever that is - then business can be certain of one thing: and that is we would move, as a first order of business, to repeal the carbon tax. And we will make the carbon tax the issue at the next Federal election, whenever it is, so there can be no doubt whatsoever - none whatsoever - that an incoming Coalition

Government has a mandate to repeal the carbon tax.

Now, were we to win the election - and that was the issue at the election - the ball would be in the Labor Party's court to decide whether it would respect the mandate of the incoming government; just as, for example, after 2007, the Coalition respected the incoming Rudd Government's mandate to repeal WorkChoices.

If the Labor Party were foolhardy enough not to respect a mandate given to an incoming government in those circumstances, then there are mechanisms under section 57 of the Constitution to deal with it. But one way or another, the Australian public can be absolutely stone-cold certain that an incoming Coalition Government will get rid of the carbon tax.

GILBERT: And now we're hearing that Joe Hockey is warning as well businesses not to rely on money provided under the Clean Energy Fund.

BRANDIS: Well, this was not, by the way...

GILBERT: This could be two years of uncertainty.

BRANDIS: Well, you know, Kieran, the clean energy fund is a nice name for a slush fund demanded by

Bob Brown as part of his price and part of the 40 pieces of silver that Julia Gillard paid the Greens to scramble back into office. And we don't respect the Clean Energy Fund...

GILBERT: Well what...

BRANDIS: ... and transactions under it.

GILBERT: Well, let's bring Craig Emerson into this discussion. Because why should the Coalition not be providing these warnings if, as we know and we've heard so emphatically, so clearly from Mr Abbott, that this is going to be the first order of business. They're going to scrap this tax. So, why not be upfront with business and give them that, you know, that detail that they will not be guaranteed refunds on permits and, also, the money that's provided under the ... what Mis... Senator Brandis calls a slush fund?

EMERSON: The reality is, since around 2005, businesses have yearned certainty in relation to carbon pricing.

They have exhorted governments - the previous Coalition Government led by John Howard and then the Labor Government - to settle this matter so that they can get on with their planning and their investment; their investment in new generating capacity.

And what the Coalition is now doing is, again, destroying that sense of certainty that has been created at last by a government that's had the courage to go ahead with putting a price on carbon.

And what the industry is saying is that in that environment of uncertainty, there won't be the necessary investment in more conventional electricity generation or, indeed, in renewable energy electricity generation. So, this is a very big setback for the country.

GILBERT:

But they don't support this approach to pricing carbon. That's not [indistinct]...

EMERSON:

Well, they have another plan which, it was confirmed yesterday, would be equivalent to a \$62 per tonne carbon price. That's the Direct Action Plan.

So, it's not as if the Coalition - even the Coalition - is pretending that there is no alternative. Their alternative is a very expensive alternative that would bring in a new wave of uncertainty.

GILBERT:

But that is ... that can be decided at ... by, you know, by popular mandate at the next election. If people want to approach, you know, climate change with the Coalition's alternative they can.

EMERSON: And I ... and I'm simply...

GILBERT: And why should they not be upfront about the fact that these f...

EMERSON: I'm simply pointing out a market reality. And the market reality is that investors are saying that, 'yet again, we're confronted with a sea of uncertainty...'

GILBERT: But they give you certainty...

EMERSON: ... because Mr Abbott...

GILBERT: ... by saying 'we're going to scrap it'.

EMERSON: Yeah. And then introducing something that has a \$62 equivalent carbon price through this so-called Direct Action Plan.

GILBERT: Okay, Senator Brandis.

BRANDIS: Well, that figure is a ludicrous figure.

EMERSON: It's from Treasury.

BRANDIS: It's ...well...

EMERSON: Oh yes. That's right; yes, yes.

BRANDIS: This is Treasury, by the way. And, of course, we know it's part of the mantra of this Government...

EMERSON: You'll get a Mosman accounting firm to do your costings.

BRANDIS: ... that you're not allowed to dispute Treasury. We'll have the Treasury officers before the Senate Estimates later in the week.

EMERSON: Good on you.

BRANDIS: And we'll ask them some questions about their estimates.

We'll also ask them on what basis they derive in their modelling for the carbon tax that will immediately, immediately cause a 10 per cent increase in the pri... in electricity prices. So, you know, that's...

EMERSON: Well, Mr Abbott used that in a question the other day.

BRANDIS: That is what ... that is what the Treasury modelling says.

EMERSON: And Mr Abbott embraced that in a question.

BRANDIS: The whole point of the carbon tax is to force up the cost of electricity, so as to reduce consumption of electricity, and particularly from coal-dependent generators.

GILBERT: What about the concern that business cannot hedge the price of carbon by purchasing future permits and, therefore, they ... that will lead to price hikes?

BRANDIS: Well, let me point ... make this point to you, Kieran. All...

GILBERT: And that's Coalition ... that's going to be because of the Coalition vow to scrap it.

EMERSON: That's right.

BRANDIS: All business decisions about long-term investment are made in the context of a range of variables, including the political circumstances. What better can an Opposition do than to be as clear as possible - as unequivocal as possible - about its intentions.

I mean, imagine if it was our pla ... our intention to rever... to repeal the carbon tax and we didn't say something; we didn't signal our intention loud and clear to business as we have done. That would be uncertainty.

GILBERT: This is not a really viable situation, is it, when you ... when you've got a government last week unable to deliver its policy on border protection; now policy on climate change and carbon tax, which has been introduced...

EMERSON: And we'll deliver it.

GILBERT: ... but with a huge cloud over it?

EMERSON: We'll deliver it. I mean...

GILBERT: But a massive...

EMERSON: But how believable anyway...

GILBERT: ... cloud of uncertainty over it.

BRANDIS: Well, you won't deliver it...

EMERSON: Just to compound the uncertainty ... just to compound the uncertainty, how clear is it that they will remove this? Because remember that...

GILBERT: I think it's pretty clear.

EMERSON: Well, as clear as...

GILBERT: It's been sworn in blood.

EMERSON: Oh, this one's in blood. So, the rock-solid iron-clad promise that Mr Abbott made that he wouldn't tamper with the Medicare safety net, which he did immediately after the...

BRANDIS: We're going back over ancient history now.

EMERSON: So, rock-solid iron-clad promises...

BRANDIS: Look, Craig...

EMERSON: ... aren't real promises, but promises in blood are real promises?

BRANDIS: Let me ...

EMERSON: And, remember this; remember this: Mr Abbott wrote in an opinion piece not very long ago that "even the firmest positions arrived in Opposition can be revisited in Government".

GILBERT: Okay, let's hear Senator Brandis.

BRANDIS: Craig, let me put you out of your misery.

EMERSON: I'm not miserable, George.

BRANDIS: There is absolutely no doubt whatsoever ...

EMERSON: Oh, this one's real.

BRANDIS: ... that we intend to make the carbon tax ...

EMERSON: Okay. Yeah, okay.

BRANDIS: ... the issue at the next election.

EMERSON: Yeah, yeah.

BRANDIS: And there is no doubt whatsoever that if we're elected ...

EMERSON: Yes.

BRANDIS: ... we'll repeal...

EMERSON: And then we have ...

BRANDIS: There is as little doubt about that...

EMERSON: Yeah.

BRANDIS: ... as there was any doubt that if the Rudd Government had been elected...

EMERSON: Sure.

BRANDIS: ... it was going to repeal WorkChoices.

GILBERT: We've got a lot of issues here to get across. I want to move on. The Cabinet met last night.

The Prime Minister had a message about Cabinet discipline. She spoke yesterday in public. Let's hear what she had to say on this issue.

[Excerpt of press conference]

JULIA GILLARD:

As Prime Minister I have worked to ensure that we have a proper system of Cabinet government. That comes with responsibilities and it comes with rights. It particularly comes with the right to participate in what should be free and frank discussions. That comes with the responsibility to keep those discussions confidential.

[End of excerpt]

GILBERT:

The Prime Minister talking about the need to keep discussions confidential. Did she reiterate that? I suppose you're going to be breaking that by telling me.

[Laughter]

BRANDIS:

You've got to .. you've got to tell us all about what happened at Cabinet last time. Craig, if you don't some of your colleagues will.

GILBERT:

Was there...

EMERSON: Well, first ... first I walked towards the Cabinet room. Then I said hello to some people and then the Cabinet door closed and that's the end of it.

GILBERT: [Laughs] Okay.

EMERSON: I'm not going to break the habit of a lifetime but I'll say this: Cabinets have leaked before. The Coalition ... remember, Mr Howard actually went ahead with the decision to spend \$10 billion, which he ultimately didn't spend on the Murray-Darling Basin - did not go to Cabinet. How do we know that? Because it leaked from Cabinet that he had never taken that particular issue to Cabinet.

GILBERT: There's a lot of history that you're raising here. What about Hawke and Keating? What about the current situation?

BRANDIS: Tell us about what happened in the Government of William Morris Hughes.

EMERSON: And it's happened ...

BRANDIS: Come on, I mean you know, this has no bearing on rele... on contemporary issues.

EMERSON: Of course it does. So Cabinets have never leaked before? This is a new phenomenon?

BRANDIS: The fact is Craig ... the fact is...

EMERSON: This is a new phenomenon.

BRANDIS: The fact is...

EMERSON: Never happened before.

GILBERT: Let's just hear ... let's hear Senator Brandis.

EMERSON: Never happened under the Coalition.

BRANDIS: The fact is Craig, that the Howard Government - and there were a couple of Cabinet leaks with the Howard Government - and you're right, you're right ...

EMERSON: Yes like Malcolm Turnbull and the Kyoto Protocol.

BRANDIS: ...Cabinets have leaked from time to time. But the Howard Government was in fact quite notable for how seldom that Cabinet leaked.

EMERSON: I remember Malcolm Turnbull and the Kyoto Protocol and how he sought to get Mr Howard...

BRANDIS: Which is one of the reasons why the Government came together ... held together for so long.

EMERSON: ...to sign up to the Kyoto Protocol.

BRANDIS: What's peculiar about this particular leak is that it was a leak from - as the journalist who wrote the story on Saturday pointed out - from multiple sources. And it was a leak directed specifically for the purpose of undermining the Prime Minister's own position.

EMERSON: Completely untrue. Completely untrue.

GILBERT: There was a ... well what's untrue about that?

EMERSON: Well it actually says that the Prime Minister - this is the story - is that the Prime Minister did not support Nauru. The Prime Minister has never supported Nauru as a solution or a response to the people-smuggling issue. She hasn't supported it over 10 years.

GILBERT: But that's what the story said.

EMERSON: But he says this was designed to damage a Prime Minister who has never supported Nauru.

BRANDIS: I don't think the Prime Minister would be reading lectures to her Cabinet colleagues...

EMERSON: Never supported Nauru.

BRANDIS: ... about the importance of confidentiality is she weren't embarrassed by what happened.

EMERSON: It's a different issue; it's a different issues.

GILBERT: The thing is, Senator Brandis said for many years the Howard Government ... the Howard Cabinet was solid in terms of, you know, ... you refer to that Kyoto leak - that was one towards the end. But what about the Rudd Cabinet? There were never leaks during Kevin Rudd's time as Prime Minister.

EMERSON: Well, indeed, there were but I'm not going to go over them. But, indeed, there were. And...

GILBERT: I can't recall. Senator, remind us.

EMERSON: Well there you go. I mean I'm not going to remind you. I'm not going to remind you of those. I'm just saying 'look, of course Cabinet leaks do not help the Government of the day; they help the opposition of the day'.

GILBERT: Were there leaks as significant as this one?

EMERSON: Well I think ...

GILBERT: On an issue as controversial as this one?

EMERSON: I think the fact that Malcolm Turnbull, and I'm just using an example ...

GILBERT: And Kevin Rudd?

EMERSON: Look, I'm not going over an account; that's your job. You get a list of them and you put them to air. I'm simply saying that governments of both persuasions have endured leaks over the years. The Hawke Cabinet ...

GILBERT: What's the mood like ... what's the mood like in Government today?

EMERSON: The mood is good. But the Hawke Cabinet had leaks.

GILBERT: Is it really good?

EMERSON: I have a note at home from a Cabinet minister in the Hawke Government apologising to the Prime Minister for a leak that ... for which his office was responsible.

GILBERT: Okay, but what's the mood like today?

EMERSON: It's good. It's actually good. And you know why?

GILBERT: Why?

EMERSON: Because, I'm about to tell you.

GILBERT: Why when the ... when we're seeing Cabinet leaks and...

EMERSON: I'm about to tell you.

GILBERT: Okay.

EMERSON: The reason that it is good is because we've got a Prime Minister and a Government that is prepared to make the tough decisions to lock in jobs and prosperity for working Australians. And we've got an Opposition Leader and - no doubt, inevitably because it's a day ending in A-Y, we'll get onto polls - we've got an Opposition Leader whose ratings have crashed to the lowest levels ever for him and, in fact, the levels that were exhibited by Malcolm Turnbull when the Opposition Leader used that to roll him as the Leader of the Opposition.

GILBERT: Okay we've got to take a break. Sorry...

BRANDIS: You know Craig every time I pick up those newspapers and read the polls I collapse into a state of despair.

EMERSON: Oh, good on you George. That's so sincere of you. I hope you do better in Senate Estimates.

GILBERT: Gentlemen we've got to pause. Back after the break. Stay with us.

[Unrelated material - commercial break]

GILBERT: Welcome back to the program. Thanks for being with us on *AM Agenda*. You can follow the conversation *#AM Agenda* on Twitter. So have your say and two bob's worth on our chat this morning with the Trade Minister Craig Emerson, the Deputy Opposition Leader in the Senate, Senator George Brandis.

Senator Brandis, we saw last night, and throughout the day yesterday in fact, Andrew Metcalfe, the Secretary of the Immigration Department, basically quashing any sense that the Coalition's policies on migration can be replicated again successfully.

He says that TPVs didn't work; that boats can't be turned back the way they were in the Howard years; that the Indonesian authorities aren't as compliant on those matters now; and that Nauru, the circumstances can't be replicated. What's your response to that?

BRANDIS: Well I heard Mr Metcalfe express that view, which makes it all the more curious that his minister Mr Bowen argued for Nauru at the two crisis Cabinet meetings last Thursday. And he was joined, according to the multiple leaks

publish in the Sunday ... Saturday morning's papers by almost half of the Cabinet. Including..

GILBERT: In conjunction with Malaysia and - according to those reports - Malaysia as well, which is a very big difference.

EMERSON: Correct.

BRANDIS: I'm sorry, are you confirming that Craig?

EMERSON: No. Correct - I'm saying Malaysia.

BRANDIS: Are you confirming that Craig? Well that's interesting to note.

EMERSON: That's correct about Malaysia. Oh, is it new to you, is it George? Where have you been for the last six months?

BRANDIS: It's been confirmed on the public record, I'm pleased, by one who was participating in the discussions.

EMERSON: Where have you been for the last six months, when we have been supporting Malaysia?

BRANDIS: The fact is ... the fact is...

GILBERT: Let's hear...

BRANDIS: That fact is Craig ... Kieran, that the Government, faced with a choice between supporting the Greens' policy of onshore processing and supporting the Coalition's policy on Nauru, decided to go with the Greens. What we say about Nauru is this: Nauru is the only policy that has ever been shown to work, and it's the one policy that this Government, after this policy fiasco of the second half of last week, refuses to embrace because ...

GILBERT: But what do you say about Andrew Metcalfe, who's a senior public servant...

BRANDIS: Yes.

GILBERT: ...head of the Immigration Department...

BRANDIS: Yes.

GILBERT: He says that the Nauru option can't be replicated because the deterrent is not there.

BRANDIS: Look, it's very perplexing situation where you have the secretary of the department saying one thing in Estimates and his own minister saying the opposite in Cabinet.

But be that as it ... I think that reflects the general confusion of the Government on this issue. But be that as it may, we in the

Opposition think that as a matter of commonsense, that if you've had a policy that historically has worked, you would at least give it a go to see if it can be made to work again

GILBERT:

Okay why ... and the suggestion that Senator Brandis referred to that the Minister did argue at least in part that Nauru be adopted. So, why not?

EMERSON:

For the very reason that you raised: and that is that Mr Metcalfe, an adviser to this Government - an adviser, a department that provided advice to the previous Government - said it won't work; said it won't work. Now, there's nothing complicated about that.

BRANDIS:

But it did work.

EMERSON:

It might have worked. It might not have worked.

BRANDIS:

It did work.

EMERSON:

It won't work.

BRANDIS:

You can't be certain of that.

EMERSON:

These are the same advisers, and that advice was provided also in briefings to the Opposition Leader Mr Abbott and to the Shadow Attorney-General ...

BRANDIS: I was there. I was right there.

EMERSON: And it was provided at that time. And what did they say? They said 'we reject that advice'.

BRANDIS: Well, I'll tell you what they said, because I was ...

EMERSON: 'We reject that advice.'

BRANDIS: Look Craig, I'll tell you what they said because I was there.

EMERSON: Let me have a go now, George. Let me have a go.

BRANDIS: So if you want to know what was said I'll tell you.

EMERSON: Let me have an opportunity here, please George. The fact is that Nauru won't work. Malaysia, according to the same advisers, will work. There are two parties that now have indicated that they would vote for onshore processing: that is the Green Party and the Liberal National Party. And it was the Labor Government that was pursuing offshore processing - not in a prescriptive way; not asking Mr Abbott to embrace Malaysia - but simply to say that the Government of the day should have the right to identify the processing option which it thinks will work.

GILBERT: All right. Well, Senator Brandis?

EMERSON: Be reasonable.

BRANDIS: But this is like [indistinct]...

GILBERT: They were the briefings. They were the briefings to the Opposition, were they not?

BRANDIS: Well look, I'll tell you what happened at the briefings. This is like *Alice in Wonderland*. We're through the looking glass now. This is a government that went to an elec... that ... who ... that abolished offshore processing; that went to the 2007 election saying 'we ...the difference between us and the Coalition is that the Coalition believes in offshore processing and we don't'. Now all of a sudden...

EMERSON: That's absolutely...

BRANDIS: Now, all of a sudden - bizarrely - we have a senior minister in the Government trying to suggest that the Coalition isn't the party of offshore processing.

EMERSON: It isn't. You're voting against it.

BRANDIS: We wanted off shore pro... we wanted offshore processing in the one place where offshore was proved...

EMERSON: Yeah, only in one place and one...

BRANDIS: ... to be successful.

GILBERT: Okay.

EMERSON: One place. Also Somalia. Also Somalia is acceptable to the Coalition.

BRANDIS: Now let us ... let us...

GILBERT: Let's hear Senator Brandis.

BRANDIS: Let us come back to the briefings...

EMERSON: I can't hardly wait.

BRANDIS: ...that Mr Abbott and Mr Morrison received from Mr Metcalfe and his offices, in particular in Brisbane on 7 September. And Mr Metcalfe...

EMERSON: ...[inaudible]

BRANDIS: ...did express ... Mr Metcalfe did express the view at the briefing that he said in Senate Estimates yesterday that when pressed, he conceded that these assessments were - to use the word that I put to him and that he acce... adopted - were "conjecture".

GILBERT: Okay.

EMERSON: What advice did he provide you?

GILBERT: So you're saying the advice he provided yesterday ...

EMERSON: Is false? Is conjecture?

BRANDIS: Well ...

GILBERT: ... had caveats around it?

BRANDIS: Of course advice like this ...

EMERSON: Well what caveats were placed around it yesterday?

BRANDIS: Responsible advice is always caveated.

GILBERT: Okay. Let's ... I want to ... we've had a fair crack at that one. Let's look at pokies.

EMERSON: Well look, let's summarise that the Coalition supports onshore processing.

GILBERT: I think I understand ... we understand your position.

BRANDIS: Stop, stop, stop digging Craig. Stop digging.

EMERSON: It's just a fact. It's just a fact.

GILBERT:

We've got two minutes left on the program and I want to ask you about an issue which many of your colleagues are nervous about in the marginal seats: clubs and the pokies reforms. The Nielsen poll suggest in New South Wales that support for the pokies reforms has dropped from 66 per cent in April to 52 per cent. It's on a slide, and they've got a multi-million dollar war chest here to run it. Just quickly - we've only got two minutes left. Tell me, what do you make of that? Are you worried about that shift in public sentiment?

EMERSON:

Well, our policies won't be bought and sold with threats of running multi-million dollar campaigns against marginal seat members.

If that ever happened to any government, Liberal or Labor, then democracy would be in terrible trouble here. The clubs of Australia do a great job; they do a fantastic job. But their mantra is that this won't work. We've said 'let's have trials'. Now, I understand that the ACT clubs are interested and are in a discussion on trials. I don't think you can draw a conclusion that mandatory pre-commitment won't work without trials, and opposing trials. Good on Clubs ACT for at least engaging in that discussion.

GILBERT:

Let's get Senator Brandis in on this: are you worried? What's the sense that you get from

people you speak to about the problem gambling? Should...

BRANDIS: Well there are ways to deal with problem gambling which are much more ...

EMERSON: Yeah they've worked really well so far.

BRANDIS: ...specific and targeted than this attack on ordinary Australians, and demanding that they have what people have called a licence to punt. Can I tell you what one of the many problems at the heart of this Government are, Kieran? They're never running their own policies. They've got their border protection policy from the Greens. They've got their carbon policy from the Greens.

EMERSON: You got yours from the Greens.

BRANDIS: They've got their poker machine policy from Mr Wilkie. They ... the price they've paid - the 40 pieces of silver they've paid to get into Government last year - means that the policies they're trying to implement are not their own ideas.

EMERSON: Yes they are.

BRANDIS: And not ideas that they would have implemented had they not been forced to sell out the Australian public...

EMERSON: The Productivity Commission report...

BRANDIS: ... the public's interest ...

EMERSON: A Productivity Commission report was commissioned way before Mr Wilkie...

BRANDIS: But if it weren't Andrew Wilkie you wouldn't be doing this Craig.

EMERSON: ... way before Mr Wilkie.

GILBERT: All right.

EMERSON: We said that we would look at the recommendations of the ...

BRANDIS: You'd said you'd look at it.

EMERSON: ... Productivity Commission report.

BRANDIS: You'd said you'd look at it.

EMERSON: What, do you think we commissioned that report in anticipation...

BRANDIS: You didn't need...

EMERSON: ...that Mr Wilkie could become the Member for Denison?

BRANDIS: You've commissioned more reports than you can jump over Craig.

EMERSON: How absurd. How absurd.

GILBERT: Okay, we've got to go ...

BRANDIS: That fact is if Wilkie hadn't demanded of you, you wouldn't be doing it.

EMERSON: You better take a Mogadon before you go off to Senate Estimates.

GILBERT: You've got to go to Senate Estimates.

EMERSON: Have a good lie down before.

GILBERT: You've got some work to do as well. I'm not sure what. But anyway, gentlemen, thank you for your time.

BRANDIS: Thank you Kieran.

EMERSON: Thanks.

GILBERT: Trade Minister and the Shadow Attorney-General. And thank you for your company on *AM Agenda*. I'm Kieran Gilbert. See you next time.

