



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

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MARK PARTON: 13 to 9. Yesterday the “House of Review” of our Federal Parliament rubber-stamped the biggest macro-economic reform that this country’s embraced since the Goods and Services Tax. But of course the country hasn’t embraced it. All of the polling in recent months suggests that Australians, if they were given the choice here, would not have gone down this path. Thousands on the Left have celebrated, though, because this country is finally going to take the lead role in saving the world. We’ve got the Federal Trade Minister Dr Craig Emerson on the line right now. Hello, Craig.

CRAIG EMERSON: G’day Mark.

PARTON: If the entire Australian nation - if every person over the age of 18 - had been able to cram into the Senate yesterday, and if they’d got the vote on this, - the House of Review involved every single Australian - would it have been passed?

EMERSON: I think if we could jam 11 million - what is it: about 11 million voters? - into the Senate that would be an extraordinary effort.

PARTON: It would, but would it have been passed, Craig? Would they have passed it?

EMERSON: I was about to answer that, Mark. We do know from opinion polling that about 35 per cent support, and something in the order of 60 per cent are opposed -

which is, by the way, the same proportions that related to the Goods and Services Tax, which is regarded as a very big micro-economic reform. So, the same analysis would apply: that we shouldn't have had a Goods and Services Tax because the majority of Australians were against it.

PARTON: However, we did go to a federal election on that, didn't we?

EMERSON: Yes, that's true. And the Prime Minister said before the election there wouldn't be a carbon tax - that's true. She also said there would be an emissions trading scheme after three years. This fixed price, called a carbon tax, becomes a floating price - an emissions trading scheme; the same emissions trading scheme that John Howard sought to introduce. The only thing that the Liberals have been seeking and saying is that they're going to do this for many years, until Tony Abbott became leader and he said he's going to have a different, far more expensive scheme that costs average households \$1,300.

PARTON: Don't you think, though, that despite the fact that - and I know we all know, ironically, that it was John Howard who was originally putting this on the table - that if the old dinosaur had still been there running the place that he would have baulked at it? The climate had changed in terms of not the actual climate but ...

EMERSON: Yeah, I know what you mean.

PARTON: Don't you think that - I know you can hang your hat on the fact that he was the one who first envisioned it - but he wouldn't have got it over the line?

EMERSON: Well, he wasn't the only Conservative that supported it: Malcolm Turnbull did; David Cameron in the United Kingdom; and, of course, John Key in New Zealand. David Cameron has been defending and supporting the pricing of carbon for a very long time. But I think, too, Mark that the next question worth contemplating is this: Tony Abbott says he's going to get rid of it. That means he's got to cut the age pension and increase taxes, because under Tony Abbott electricity prices will fall. Well pigs might fly! But he'll say 'trust me; this time I'm telling the gospel

truth. If you elect me, I'll bring down electricity prices'.

PARTON: Emmo, can you see, though, that some Australian voters – and, okay, mainly on the Conservative side - are of the belief that your Government is being irresponsible by setting up this mechanism in such a way that it is extremely difficult to dismantle - when it appears that you'll lose the next election? I mean, doesn't that strike you as being a little irresponsible?

EMERSON: Well, Tony Abbott can dismantle the carbon price if he wants to. But, again, the majority of voters in one poll I saw - and we shouldn't spend too much time talking about polls - suggests that they don't believe he will do it. I mean, Tony Abbott said he had made a rock-solid, iron-clad promise not to tamper with the Medicare safety net ...

PARTON: This is in blood!

EMERSON: Straight after that election, he tampered with it. And I think it's going to be challenging for Mr Abbott to convince people that it's in their interest to have their pension cut and their tax increased because he's going to bring down the price of electricity. But that's the promise he's going to make.

PARTON: We're one of the most coal fired dependant economies in the world. We're starting our carbon price at \$23 a tonne. And in European - sorry, in the European market - they're at \$12. That's a massive difference, isn't it?

EMERSON: On our trade-exposed industries, Mark, those industries received 94 and a half per cent free permits specifically to deal with the issue of competitiveness. And most of those industries, and I won't pretend all, now accept that at least there's some certainty. And what they are worried about is reflected on the front page of the *Financial Review* just in the last week or so, is by Mr Abbott saying he'll repeal the carbon tax and put in some other expensive scheme costing \$1,300 per household. That's a new wave of uncertainty and not an environment conducive to new investment, whether it be in coal-fired generation, gas-fired generation or other, renewable energy sources.

PARTON: Yeah. See, it's interesting the pledges that Tony Abbott makes in terms of direct action and all this stuff that he says that he's going to do. He's not going to do any of that stuff! I mean, you know, that's, as far as I'm concerned, as much of a lie as was the statement: (JULIA GILLARD AUDIO) "There will be no carbon tax under the government I lead."

PARTON: Sorry, I just had to get it out again. He's not going to do all that stuff.

EMERSON: Well, remember this is the guy who said "now, what people are twiggling to is that carbon dioxide is a colourless, odourless, weightless gas". And yet his own policy commits to reducing this weightless gas, its presence in the atmosphere, by 160 million tonnes. I mean, this is an indication of the intellect of Mr Abbott. He's going to reduce the incidence of a weightless gas by 160 million tonnes. He doesn't understand the first thing about it. All he understands is politics. And I think people are coming to realise that he will just run a political line, and then exercise what he's said in the pages of *The Australian* newspaper some time ago: and that is "even the firmest positions arrived at in Opposition can sometimes be revisited in Government."

PARTON: And look, there's no doubt that he'll change tack on it, because he's not stupid enough to basically hold the country to ransom - whereas you guys are.

EMERSON: Well, that's obviously a personal opinion of yours, Mark, and you're very much entitled to have it. But this is a reform that puts Australia in a good position as other countries adopt this: the United States through the various big states including California are adopting emissions trading; Canadian states as well; five Chinese cities as well; and the United Kingdom and New Zealand and the European Union.

PARTON: The US Government and the Canadian Government have indicated that they will never ever do it.

EMERSON: Well that's not right, actually. The Obama Administration has wanted to do it but doesn't have a majority in the House of Representatives anymore. But states are going ahead and doing it anyway. And if this was such a crazy plan, why would very large states of the United States of America proceed

with it? And the reason is they want to reduce carbon emissions because they do consider there is such a thing as human-induced climate change - as we do.

PARTON: Emmo, thanks for locking horns with us this morning. I appreciate it.

EMERSON: All right. Thanks Mark. All the best.

PARTON: Federal Trade Minister Dr Craig Emerson.