



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

Transcript  
ABC 612 Mornings with Terri Begley

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E&OE

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*Subjects: carbon tax, Afghani army shooting, Budget surplus, Malcolm Turnbull's jacket*

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TERRI BEGLEY:

But lightning flashed, thunder rolled over the nation's capital yesterday at about the same time the Senate passed the Clean Energy Future Bills. And that could be read either way: a signal that the carbon tax argument has been lost for the Coalition; or, as Barnaby Joyce put it, a sign of the impending storm to come.

Let's go *Inside Canberra* to see which assessment lies closer to the mark this morning. Dr Craig Emerson is the Trade Minister, and Senator George Brandis is the Deputy Opposition Leader in the Senate.

Good morning to you both, gentlemen.

GEORGE BRANDIS: Good morning Terri.

CRAIG EMERSON: Hello George, and hi Terri.

BRANDIS: Morning Craig.

BEGLEY: Senator Brandis, you are of course still in Canberra. Did that storm pass? Or are you still experiencing some wild weather there?

BRANDIS: Well, it was quite biblical the way that shortly after this vote was taken there was a ... the heavens burst forth. And I think Barnaby Joyce is right. You know, let's not forget what happened yesterday. The Government legislated for a carbon tax that it promised solemnly that it would never introduce. And if it had told the truth to the people before last year's election it would never have won last year's election.

So, this is the worst fraud ever perpetrated on the public by any Australian Government in our history. It is a terrible piece of public policy because it will not achieve any of its objectives. It won't have any measurable effect on the global climate whatsoever. But it will force up everybody's cost of living enormously. So I think the Government is basically ... is possessed by madness to think that this is a good idea.

BEGLEY: But Senator Brandis, it has passed through the Senate, these Clean Energy Future Bills.

BRANDIS: Yeah. It has.

BEGLEY: Is it time for the Coalition to concede it has lost momentum on this now?

BRANDIS: Well I don't ...

BEGLEY: To move on; focus its energies on other parts of...

BRANDIS: Well there are lots of issues on which the Opposition joins issue with the Government. But obviously the carbon tax has been the great issue of 2011, from the time the Prime Minister announced that she was breaking her promise at the beginning of the year, until yesterday when her betrayal of the public was fulfilled.

Now, we're not going to leave this alone. Mr Abbott has said time and again, and let me repeat for your listeners this morning, Terri, that whereas the Labor Party deprived the public of the chance to vote on the carbon tax at the last election by lying to them about its intentions, the Coalition is going to give the public the chance to vote on the carbon tax at the next election ...

BEGLEY: Okay.

BRANDIS: ...because we're going to make the next election a referendum...

BEGLEY: A referendum on this.

BRANDIS: ...on the carbon tax.

BEGLEY: Okay. Now Craig Emerson, you've been very patient there. A victory for optimists, this legislation passing? A defeat for naysayers?

EMERSON: A victory for reform; a very important reform that John Howard sought to introduce. And Terri, if you had the inclination to get out some tapes of our conversations of a few years ago when Malcolm Turnbull was leader, you would have heard George Brandis extolling the virtues of putting a price on carbon - because at that time, the Coalition's position under Malcolm Turnbull's leadership was to agree with us to do that. And that's the position that Mr Turnbull reached, and he was rolled by Mr Abbott.

So, I'm simply making this point: George is all full of huff and puff now about what a terrible, devastating thing this is. But he actually supported it a couple of years ago.

BEGLEY: Speaking of price...

BRANDIS: That's not the truth. I have never, ever, ever supported a carbon tax.

EMERSON: This is putting a price on carbon that has a fixed price...

BRANDIS: Yeah, little weasel words, Craig. It's a carbon tax.

EMERSON: I listened patiently to George; to you, George. This is putting a price on carbon with a fixed price for three years, then a floating price. That's an emissions trading scheme. The previous one that you supported, George, had a fixed price for one year. This has a fixed price for three years.

BEGLEY: Let's ...

EMERSON: It's an emissions trading scheme.

BEGLEY: Can we talk about that fixed price now...

EMERSON: Sure.

BEGLEY: ...Craig Emerson; about business concerns that the \$23 a tonne starting price is double that of their global competitors, and the Government's economic modelling might prove to be a bit too optimistic on this. Are you

listening to businesses and their concerns on that?

EMERSON:

We've had very lengthy discussions with businesses, and what is missing from that analysis is the fact that as a result of those very lengthy discussions, our trade-exposed industries will get around up to 94 and a half per cent free permits. Now, when they're making those comparisons, they should also acknowledge that they will get those free permits: 94 and a half per cent.

So what we're doing is ensuring that our businesses aren't disadvantaged in terms of international competition. And rather than listen to George and me arguing the toss on that, I invite your listeners to have a look at the fact that there is \$430 billion worth of investment going on in Australia on the drawing board, in the full knowledge of this carbon price coming in. And that is investors, both foreign and Australian, are voting with their wallets and investing in Australia.

BEGLEY:

We watched ...

BRANDIS:

Look Terri, can I just make this observation?

BEGLEY:

Yes, Senator Brandis?

BRANDIS: Craig who, in ... I have always freely said Craig is one of the smarter Ministers in this Government. And Craig can talk with a lot of technical sophistication about the design in this car...

EMERSON: \$430 billion.

BRANDIS: ... of the design of this carbon tax. But if it's such a good idea, why don't we have this argument at an election? That's what we, the Opposition, have said all along. You think it's a good idea; we think it's a bad idea. In a democracy, the people get to choose. But on this occasion, the Labor Party has contrived to try and prevent the people choosing.

EMERSON: And the people will get a choice at the next election between going ahead with this reform and Mr Abbott's plan to roll it back to increase taxes - personal income taxes - because he says people won't need compensation to cut the age pension. Why? Because he will be saying 'this time, I'm telling the Gospel truth. Under me, Tony Abbott, you won't need those pension rises, or those tax cuts, because electricity prices will fall under an Abbott-led Government. Pigs might fly.

BEGLEY: Moving on, Sen...

BRANDIS: Well, they will be forced up because of the carbon tax. So if we remove the carbon tax, I think that inevitably follows.

EMERSON: Yep. Therefore...

BEGLEY: But ...

EMERSON: That's right. There ... well that's your argument. I'm not saying that's right. I'm saying that that's your ...

BRANDIS: Your own modelling...

EMERSON: But that's what I'm saying. Your argument...

BRANDIS: Your own modelling ... in fact this was conceded ... this was conceded in the Senate debate yesterday: that this was designed to increase the price of electricity.

EMERSON: Of course.

BRANDIS: And your own modelling says ...

EMERSON: And that's no big revelation.

BRANDIS: ... it increases electricity prices by 10 per cent off the bat. And who knows how much higher they will go as the carbon price creeps up year by year.

EMERSON: And the impact of that is \$3.30 a week on electricity bills. And the compensation is \$10.10 per week, plus a 20 per cent battlers' buffer.

BEGLEY: Okay. A final word...

BRANDIS: Craig, you can't even get your ... you can't even...

BEGLEY: Okay. A final word. A final word on the carbon tax. Sorry Senator Brandis. A final word on this, following this: Craig Emerson, is there no pleasing the Greens?

I mean you've got this legislation through with their support. What of this talk now from the Greens to move on to abolishing fossil fuels?

There's a lot of future prosperity hopes and investment in things like coal-seam gas these days in Queensland.

The Greens are now saying that, 'right, well the next thing on the agenda is fossil fuels being crossed off.

EMERSON: That's a position with which we disagree strongly with the Greens, and we disagree strongly with the Greens on asylum-seeker policy; we disagree strongly with the Greens on a whole range of policies - budget policy for

example. And in fact that \$430 billion includes massive investment, Terri, in coal-seam gas, and in fact very large investments in coal mining in Australia and exports.

So much for all this, you know, 'this is going to devastate towns, cities, whole industries; jobs will be lost everywhere'. As I say, it is the market that is telling us what they are doing.

And they are investing as never been seen before in Australia's history.

BRANDIS: Oh Craig, if only it were true. The problem with your argument...

EMERSON: \$430 billion worth of truth, George, which you cannot ignore.

BRANDIS: The problem with your argument, saying, 'well, we disagree with the Greens about this': 12 months ago you were saying you disagreed with the Greens about a carbon tax. And now we've got a carbon tax which is exactly what...

EMERSON: Well we agree with John Howard.

BRANDIS: ... which is exactly what the Opposition warned about, and your friend Wayne Swan said it is not even theoretically possible that there could be a carbon tax. The Government, not the Opposition, is being hysterical about this.

And now, 12 months later, we've got a carbon tax.

The problem is that you're in hock to these people. You're in hock to the Greens, and you're a bit like the man who thinks that the crocodile won't eat him as lo ... well, if he keeps feeding the crocodile, he won't get eaten.

Yes he will.

The Labor Party is being swallowed whole by the Greens...

EMERSON:

Oh yes? You're very excited today George.

BRANDIS:

And the smart people - don't be sarcastic - the smart people in the Labor Party, the Senators who've run the Labor Party organisation in their various states over the years...

BEGLEY:

All right...

BRANDIS:

... will tell you as much privately.

BEGLEY:

Okay. Let's move on from the carbon tax. I think we ...

EMERSON:

I think people might be tuning out to you George.

BEGLEY:

Yeah, we're getting very colourful pictures in our minds about crocodiles. Let's move on to another couple of things. Well, firstly the news, this news, overnight - many people are talking about it: this second incident involving Afghanistan army soldier who has turned weapons on Australian troops. Both of you to respond.

There is a growing uneasiness.

You must be getting this from your own electorates, and the general public out there - a growing uneasiness of Australia and what we're doing there if we can't seemingly trust our partners on the ground there in Afghanistan.

EMERSON:

Well, overwhelmingly we can, but the problem is obviously not knowing which ones to trust and which ones not.

And it must be ...

BEGLEY:

And some people are saying this ...

EMERSON:

... incredibly disconcerting.

BEGLEY:

Yeah. And the parents are saying that it's misplaced trust.

EMERSON:

You know, if you were on the front line it would be terribly disconcerting. But this is a very important mission. And it is about dealing with terrorism around the world.

And, sadly, I have to remind your listeners of more than 100 Australians losing their lives - I mean those Bali bombings. There are other bombings that have all been traced back to Al Qaeda, and Al Qaeda had its training grounds - and its breeding grounds, if you like - in Afghanistan.

And we just can't sit back and allow terrorism to flourish in those places, and then for terrorists to inflict their death and destruction on Australians and others who are a peace-loving people.

BEGLEY:

Senator Brandis, do you want to respond?

BRANDIS:

Well I think it's heart-breaking that, you know, Australian soldiers put their lives on the line in order to try and assist the Afghan people eliminate terrorism and to create a better civil society in that country.

And now on two episo ... occasions in the last few days, Australian soldiers have been turned upon by rogue Afghan elements. So it is heartbreaking. But nobody pretended that this

was ever going to be dif ... that this was ever going to be other than difficult.

The Coalition supports the Afghan deployment. In fact we initiated it. It was one of the issues on which we and the Labor Party agree. We ...

EMERSON:

The Greens don't by the way.

BRANDIS:

We supported the deployment in Iraq, which the Labor Party didn't. And I think that the course of history has vindicated that decision, because there is now a moderately well-functioning democracy in Iraq, when before there was a dictatorship.

But we do both support the Afghan deployment. And I ... that position, I think, will continue into the future.

BEGLEY:

And we will be bringing our listeners an excerpt of a media conference that the Defence Force chief General David Hurley has just given.

We will be bringing that to you within the next 10 minutes or so.

Back to the Budget, gentlemen: the Deloitte Access Economics report, this week showing the Budget is heading for an inevitable deficit if spending cuts aren't found.

Craig Emerson, should we just give up on achieving a Budget surplus if it means that we're going to feel - people, voters - are going to feel more pain if cuts have to come from somewhere else?

EMERSON:

Well, spending cuts are being found. And it is necessary. It does create room for the Reserve Bank to move on interest rates, as it did on Melbourne Cup day. That is a confidence booster when the Reserve Bank does move.

And we created - helped create - the economic conditions that allowed that interest rate cut. If we create some extra room, then the Reserve Bank as an independent organisation take - make - those decisions.

The other thing that I'd say is around the world, markets are delivering a very adverse verdict on countries that have got very large debts, such as Greece.

And what we've got in here in Australia is a strong budgetary position. And bringing it back to surplus again would have a positive effect for markets, for business confidence, and consumer confidence - which means it's good for jobs.

BEGLEY:

But where do we find the cuts? Who's going to suffer from this?

EMERSON: Well...

BEGLEY: To achieve this surplus?

EMERSON: We are bringing down what's called MYEFO, the Mid Year Economic and Fiscal Outlook.

And it will detail where we are in respect of the surplus.

And then, of course, there's another formal budget process next year. But we are going to do the necessary work, Terri. But, of course, the Coalition in contrast has got a \$70 billion hit to the Budget bottom line. George was saying yesterday that this is a Labor myth. Andrew Robb has said 'the \$70 billion is an estimate of the sort of challenge that we will have'. He said that on ABC Radio on 16 August.

And he also said on *Meet the Press*, 'no, it's not a furphy. We came out with that figure, right'.

So, George, yet again you've misled the Australian people yesterday in saying that this is a Labor myth. Your Finance Minister, your Shadow Finance Minister who is excluded from conversations about the latest back flip of the Coalition on superannuation, which added to the \$70 billion black hole, has considered very readily that...

BRANDIS: This is ridiculous, Craig.

EMERSON: ... you've already got a \$70 billion problem.

BEGLEY: All right.

BRANDIS: Why don't you tell us about your dog and cat now.

BEGLEY: Yeah, but you haven't told us ... we haven't been able to get any detail from you, I guess, Craig Emerson, at this point as to where the Government's going to find these savings cuts.

EMERSON: Well, you don't, in advance of a Budget, reveal all the Budget details. You don't in advance of MYEFO, or a mid-year fiscal outlook, reveal all the details.

BEGLEY: But you are...

EMERSON: You reveal those in the documents.

BEGLEY: But you are getting warnings that this could weaken a fragile economy...

EMERSON: Well ...

BEGLEY: ... by holding this position of a surplus.

EMERSON: And my response is that a good outcome for Australia in the future would be further reductions in interest rates. Ask any small business person - ask any home borrower or any mortgage holder - and they'll say, 'yeah, that would be good'.

Now, it's an independent Reserve Bank. But if we create room, then that gives the Reserve Bank extra flexibility on interest rates.

BEGLEY: Senator Brandis,...

EMERSON: That's a good thing.

BEGLEY: ... a budget surplus...

BRANDIS: Well, I...

TERRI BEGLEY: ... at all costs?

BRANDIS: Well ... okay, let me respond, thanks Terri, to a couple of the rather bizarre things that Craig has just been saying.

First of all, we have never expected this Government to produce a Budget surplus in 2012-13, and we still don't think they will. This Government has never produced a Budget surplus - not one in the four years that they've been in power.

Secondly...

EMERSON: Little old global recession.

BRANDIS: Listening to a Labor Party minister lecture the Coalition about financial prudence is a bit like listening to Satan denouncing sin.

The fact is, the reason Australia is in a relatively favourable position is that four years ago when the Howard Government went out of office, we left the country with no debt. Zero. No debt, and \$70 billion in national savings.

Now, within the space of less four years, the Labor Party has run up the highest level of peacetime debt in Australian history; from no debt to the highest-ever debt in four years. That's what Labor government does to you.

Thirdly ...

TERRI BEGLEY: You didn't have a...

BRANDIS: ... interest rates...

BEGLEY: You didn't have a global slowdown as part of that, though.

BRANDIS: But ...

EMERSON: No. Well, it's been expunged from the history books by the Coalition.

BRANDIS: But the problem is that most of the wasteful spending was not spending that was undertaken in the course of dealing with the global financial crisis.

EMERSON: It was a hit to government in revenue.

BRANDIS: The next ... the next ... the next...

EMERSON: It was the hit to government revenue...

BRANDIS: May I finish ple ...

EMERSON: ... that you're ignoring.

BRANDIS: The next point - let me respond, too - is this: we talk about interest rates. Interest rates are ... have come down; they may come down again. But that's not thanks to this Government.

EMERSON: Oh no.

BRANDIS: It's because ...

EMERSON: No, not possible, George.

BRANDIS: No, it's not ...

EMERSON: Not possible.

BRANDIS: ... because the ... as anybody who works, for example, in the tourism industry knows, in manufacturing knows, the Australian economy at the moment is polarised. We have the famous two-speed economy, that if you're not part of the mining sector, particularly in Queensland, you know that the economy is extremely slow at the moment. And if interest ... and if the Government weren't borrowing so much ...

EMERSON: You're rambling.

BRANDIS: ... to fund its debt, interest rates would be lower than they are today.

BEGLEY: Okay. So Senator Brandis, just in quick summary: you don't believe the Government can achieve a Budget surplus?

BRANDIS: We, look, why would they break the habits of a lifetime?

BEGLEY: All right. Let's finish on something of different ... something different to the Budget; different to what's ... what else has been happening with carbon tax.

It's Malcolm Turnbull's jacket I want to end this week with, gentlemen.

EMERSON: [Laughs]

BEGLEY: It's a leather jacket; it's considered legendary among late night TV news consumers. It's made an appearance on Q&A a few times. Even has its own Facebook site, apparently, this jacket. Now ...

EMERSON: What's it say?

BEGLEY: It's...

EMERSON: A speaking leather jacket.

BEGLEY: [Laughs] Well, apparently. It's a very informal looking jacket. It's now going to be auctioned off to raise thousands of dollars for charity - Which is a good thing.

EMERSON: Mmm.

BEGLEY: Will either of you be bidding on this jacket?

EMERSON: Oh no, Malcolm can keep his leather jacket. I'm very happy to acknowledge that I used to get around on a motorbike. I don't think I have ever had a leather jacket and all the trappings of it.

I can just see Malcolm on a Harley Davidson whizzing around the eastern suburbs of Sydney - but not for me.

BEGLEY: Or, perhaps Senator Brandis, if he's the highest bidder. Are you putting one in, Senator Brandis?

BRANDIS: No. Look, I ... I'm not really the leather jacket wearing sort of person.

EMERSON: You are a secret member of the Comancheros.

BRANDIS: But I did see ... I did see Malcolm ... I did see Malcolm on Q&A on Monday night and I thought that it was the sort of garment that I was glad that it was him - not me – wearing [laughs].

BEGLEY: [Laughs] He wears it much better.

EMERSON: The story's broken here: George is actually a paid-up member of the Comancheros. And I have seen him whizzing around on a Harley Davidson.

BRANDIS: [Indistinct]

BEGLEY: With a black leather jacket, right?

EMERSON: Very late at night.

BEGLEY: If you've got photographic evidence, Craig Emerson, feel free to email it to us.

EMERSON: Yeah, it's a bit grainy but I'll get it to you.

BEGLEY: All right.

Senator Brandis and Mr Emerson, thank you both for your time this morning.

EMERSON: Thanks very much, Terri.

BRANDIS: Thank you, Terri.

BEGLEY: Concluding *Inside Canberra* with some fashion tips for each other, and what jackets we should be wearing.

EMERSON:

Thanks very much, Terri.

BRANDIS:

Thank you, Terri.

BEGLEY:

Concluding Inside Canberra with some fashion tips for each other and what jackets we should be wearing.