



SPEECH

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MATTERS OF PUBLIC IMPORTANCE

Carbon Pricing

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Dr EMERSON (Rankin—Minister for Trade) (15:50): Being lectured by the shadow Treasurer on budget discipline is like being lectured by Lord Monckton on the science of climate change. Lord Monckton does not believe in climate change, and the shadow Treasurer does not believe in budgeting. In fact, the shadow Treasurer was exposed, along with the shadow finance minister, who is still with us—they cannot stand each other—before the last election as having to go to an accounting firm because they knew that they had a very big budget black hole. They went to an accounting firm instead of chancing their arm to have their costings done by Treasury and Finance. When the Independents insisted that those costings be done, voila: an \$11 billion black hole was exposed.

But, in the period of one year since the ministry was sworn in, that \$11 billion black hole has not been plugged; it has exploded to \$70 billion. The \$70 billion comes from none other than the shadow Treasurer, who told the shadow cabinet that they had a very big problem, whereupon the Leader of the Opposition said: 'This \$70 billion is in fact just media talk. It's just the Labor Party.' But in a moment of candour on a Sunday program very recently the shadow finance minister indeed confirmed that there is a very big problem to the tune of \$70 billion and the coalition has no idea how they are going to plug it. This points to the fact that the opposition leader is, as described by a former employer—that is, Mr John Hewson, who was also an opposition leader but is a professor of economics—'innumerate'. He has described the opposition leader as 'innumerate', and so he is. While we are talking about the impact of carbon pricing, this is a man who has estimated the weight of one tonne of carbon dioxide as zero. He has been asked, 'What does a tonne of carbon dioxide weigh?' and his answer was, 'Zero.' I can imagine him at school. When they asked, 'What does a tonne of lead weigh?' he would have said, 'A tonne.' When they asked, 'What does a tonne of feathers weigh?' he would have said, 'Well not so much, because feathers are lighter than lead.' So if they had asked, 'What does a tonne of carbon dioxide weigh?' he would have said, 'Nothing at all.'

I am told that the teachers realised then that young Tony had a problem with numeracy, and since they thought he was quite a good sports person they started asking him questions such as, 'Young Tony, who won the fabulous tied test of 1960-61?' whereupon he said, 'Australia,' and they said, 'No, it was a tie.' He was then asked, 'After which

famous cricketer was the Victor Richardson stand named?' and young Tony said, 'Wally Grout?' They said, 'No, no, that was Victor Richardson.' The final question was, 'Okay, young Tony, how many balls in a six-ball over?' and the reply was: 'Sir, sir, I know! Is it eight?' 'No, it's six, Tony.' Then the teacher said: 'Look, you are completely innumerate. You could be the leader of the Liberal Party.' That was the recommendation and here we are—he is the leader of the Liberal Party.

This motion was put forward by the shadow Treasurer as:

The adverse impact of the carbon tax on the Australian economy.

Let us have a look at the impact on jobs. You would think that this would be central to the argument of the coalition. They have said virtually nothing about it but, in fact, the modelling does estimate that there will be 1.6 million extra jobs in Australia by 2020 under a carbon-pricing mechanism. That is not job losses, but 1.6 million extra jobs to build on the almost three-quarters of a million jobs that have already been created under this government during adverse economic circumstances, including the deepest global recession since the Great Depression.

We could ask: what are some of the other authorities saying about this sort of thing? The IMF, in fact, gave a glowing endorsement of the carbon-pricing mechanism when they said just last month that they:

... support the proposed introduction of a carbon price as part of a transition to a permits trading system to mitigate greenhouse gas emissions.

Of course, they are economists, and we know that the opposition leader believes that economists do not know what they are talking about. The opposition leader believes that lawyers do not know what they are talking about. He believes that scientists do not know what they are talking about. Only the opposition leader knows what he is talking about.

But the opposition leader has detractors from his own side. They are getting very, very tired of this economic Hansonism that is being espoused by the opposition leader. We know that he has a DLP background—that is, he has said, 'I worship the very water that Bob Santamaria walks on'. Bob Santamaria himself was quoted as saying that capitalism is worse than communism. These were the great interventionists of the 1950s and the 1960s, but here is Mr Abbott back as the reincarnation of Bob Santamaria.

The DEPUTY SPEAKER (Hon. Peter Slipper): Order! The minister will refer to the Leader of the Opposition by his title under the standing orders.

Dr EMERSON: Yes, I will. The opposition leader is back as the reincarnation of Bob Santamaria.

We now have contributions to the debate by people such as the member for Mayo, who has basically had a gutful. After the appalling CEDA speech from the opposition leader, where he effectively declared himself to be Australia's first free-trading protectionist when he said that he is in favour of free trade but he is in favour of protection as well, this first free-trading protectionist got this from the member for Mayo in an opinion piece during the week:

The truth is that we can't save jobs by government protection, no matter what self-interested players promise.

Well there is a self-interested player: the opposition leader! The member for Mayo went on to say:

There is a role for government to assist industries to adapt to changing environments, but taxpayers funding a romantic attachment to a bygone era is not a position the Australian economy can afford or sustain.

... ..

We simply can no longer afford to be throwing good money after bad to satisfy the political posturing of a chosen few.

Who were the chosen few to whom he was referring? The Leader of the Opposition! He is self-chosen. He was chosen by Bob Santamaria and he is faithfully walking in his footsteps—but not on water!

The member for Mayo is joined in his frustration by the member for Higgins, the member for Moncrieff, the member for Kooyong, the member for Bradfield and the member for Casey, who have all had a gutful of this irresponsible economic policy-making from the Leader of the Opposition. We saw the apples legislation. We talk about impacts on jobs: the apples bill that was brought into this parliament was completely non-compliant with our obligations under the World Trade Organisation and would have led to retaliation against our exporters. Sixty per cent of the value of our agricultural produce is exported. It would have led to retaliation against them, but the opposition leader does not care. He has a palm oil bill that he is supporting which is the same thing—it would lead to retaliation and is completely non-compliant with our World Trade Organisation obligations. The opposition leader does not mind the idea of international trade just so long as it is not with foreigners.

This is where we are. This is where his thinking is. This is economic nationalism from the opposition leader. But it gets worse. We have revealed today, through documents that were obtained in New South Wales, the conspiracy involving the opposition leader's office in respect of this very issue that we are debating. The timing of the shadow Treasurer could not have been better. In fact, I wonder if the shadow Treasurer realised exactly what he was doing in putting this matter of public importance on today, because he did mention state modelling. I think he referred to Western Australian state modelling, Queensland state modelling and Victorian state modelling, but he did not refer to New South Wales state modelling. There is a reason that he did not refer to New South Wales state modelling, because these documents reveal a conspiracy. This is an email from Peter Grimshaw of the office of the Premier. He says, 'The "Tele" is very keen to do a story for tomorrow's paper on the impact of the carbon tax in relation to public transport versus cars. If we have any figures/modelling he thinks he can get a big run on this tomorrow, with the theme being there will be an incentive for people to use cars under Gillard's plan because rail uses electricity, buses use diesel,' et cetera. In other words, the *Daily Telegraph* gets in contact with the Premier's office and says, 'Look, if you can cook up some figures for us that will be great. We will put it on the front page'.

This is what happened. The Premier's office then commissioned figures, but they were warned in an email from Matthew Crocker, 'Juicy quote from the Department of Transport's brief (note there are some not so helpful quotes in the brief too, so do not ask me for a copy of the original)'. In other words, do not ask me for the original Department of Transport brief because I am going to have to tell the truth, and we really do not want

to tell the truth when it comes to modelling the impact of carbon pricing on public transport.

So then in comes the Leader of the Opposition's office. The fact is that he has been running around trying to scare the daylights out of every family, every steelworker and everyone working in rural areas—everyone in Australia—saying, 'We are going to have this great big monster tax'. Of course, right on cue, in comes the opposition leader's office with talking points on carbon tax, and this is what they want the *Daily Telegraph* to print: the carbon tax is a catastrophe for New South Wales and will affect everyday prices and hurt jobs in New South Wales.

They tried to feed that in, but it is actually refreshing and encouraging that there are professional public servants in New South Wales who would not go along with this. We have from Roger Shu, financial analyst with Transport and Planning in the New South Wales Treasury an email where he says about the impact on transport prices in New South Wales that 'the real impact is miniscule'. There is an honest public servant, but he did not prevail. What actually happened is that on 15 July the Premier of New South Wales put out a press release asserting that it would put up fares by 3.6 per cent, and on song—because the *Daily Telegraph* wanted him to say this:

It's crazy for the Federal Labor Government to impose a tax which is a disincentive for people to use public transport.

So they have bodgied up a figure of 3.6 per cent. You have Treasury saying that the real impact is miniscule and—this is also Treasury—saying, 'The model computed by the Department of Transport defies basic mathematics'. I know someone else who defies basic mathematics, and of course that is the Leader of the Opposition.

I think that what actually happened then is marvellous, because subsequently the New South Wales Treasury got so squeamish about this estimate of 3.6 per cent that they produced this document: New South Wales Government, the Treasury: Carbon price impact—transport, 1 September 2011. It actually quotes the Premier of New South Wales on 15 July, saying, 'The carbon tax due to take effect from 1 July 2012 will lift the cost of public transport fares by up to 3.6 per cent'. That is in that same press release.

Then they go through Treasury modelling and it says that as a result, 'This equates to an average fare price increase of 0.49 per cent'. So one-seventh of the dodgy figures that were produced by the Department of Transport were then headlined in the *Daily Telegraph*. Why would you believe anything that the Liberal Party ever said? They engaged in the conspiracy involving the opposition leader's office, the Premier's office in New South Wales and the *Daily Telegraph* to bodgie up figures so they get a front-page headline saying that fares would go up. I think the estimate was by something like \$150 a year. That is 3.6 per cent, and everyone involved knew that that was untrue.

So you get the opposition leader running around here saying, 'I'm gospel truth Tony. When I write it down you can trust me, it is absolutely true.' His office knew that they were engaging in a conspiracy to deceive the people of New South Wales on the important issue of the impact of the carbon price on public transport fares. That conspiracy involved the Department of Transport, the Premier's office in New South Wales and the opposition leader's office here in Canberra.

Why would you believe the very figures that the shadow Treasurer produced? I would not believe a word that they ever said, with this exception: that they do have a \$70 billion

budget black hole. That is what they have said and I reckon that estimate is spot on. That is the problem: they have said that they are going to get rid of this carbon price. They are going to yank the whole thing out, they are going to increase taxes and to reduce the age pension if they get into office.

Mr Ian Macfarlane: That's rubbish!

Dr EMERSON: That is exactly what they have said. It is not rubbish, it is exactly what the opposition leader said, 'If we get into office we will rescind the carbon price and we will increase personal income tax and reduce the age pension'. There is the choice for the Australian people: a government investing in the future and making sure we care for our environment and for our economy or an economic vandal who, according to John Hewson, is completely innumerate. The only figure they have ever got right is the \$70 billion black hole that remains completely unplugged.