



**THE HON DR CRAIG EMERSON MP**  
MINISTER FOR SMALL BUSINESS, INDEPENDENT CONTRACTORS AND  
THE SERVICE ECONOMY  
MINISTER FOR COMPETITION POLICY AND CONSUMER AFFAIRS  
MINISTER ASSISTING THE MINISTER FOR FINANCE ON  
DEREGULATION  
Transcript  
Inside Canberra ABC 612 Brisbane  
25 November 2009

*Subjects: Liberal party room meeting, Liberal leadership, CPRS.*

MADONNA KING: Let's go Inside Canberra. Senator George Brandis sat through those meetings yesterday. Good morning Senator.

GEORGE BRANDIS: Good Morning Madonna.

MADONNA KING: And Dr Craig Emerson, Rudd Government Minister, how are you?

CRAIG EMERSON: I'm very well Madonna.

MADONNA KING: Before we get into the machinations of what this means and everything else, these party room meetings Senator Brandis, journalists aren't allowed in them. Just explain to us who runs them. How do they operate?

GEORGE BRANDIS: Well in the Liberal Party or the Coalition they're chaired by the Leader and there's a top table at which sits the Leader, the Deputy Leader and Leader of the National Party, the way we do it. I think the Labor Party might have a Chairman of their Caucus but Craig can talk about that.

The way we do it in the Liberal Party is the meetings usually follow a fairly routine order. The Leader usually starts off by making about five or 10 minutes of observations on political events of the day. The Deputy Leader says a few things. The Leader of the National Party says a few things. Then really it's a free-for-all and anybody in the meeting is free to raise any issue they want or ask any question of the Leader or Shadow Minister, that they want. That free-wheeling discussion often goes for a couple of hours and finally the Opposition always has to arrive at a position as to how it will vote on particular legislation before the Parliament in the coming weeks. So the Shadow Ministers responsible for that legislation then make a recommendation on each relevant Bill then if there's controversy about that then those Bills are then discussed.

MADONNA KING: So how are those decisions then made in the party room meeting? For example Peter Slipper just told us he wanted a secret ballot but wasn't allowed one. Is there a vote on things like that? Is it a show of hands or does the Leader decide 'no' to that or 'yes' to this?

GEORGE BRANDIS: It's the latter. There are never secret ballots in the Coalition. The only time there are secret ballots is when there is actually a vote on a leadership position. There have never been secret ballots and Phillip Ruddock, who has been father of the Parliament and who has been there since 1973, reminded us yesterday when this issue was raised that in the 36 years he has been in the Parliament that that has never been the practice. And there aren't votes by show of hands either. I mean there is a free discussion and as often happens at meetings of this kind the chairman determines the sentiment of the meeting.

MADONNA KING: All right. Does the Shadow Ministry; that is the Opposition Ministers, are they allowed to speak out openly against the Leader or does the leadership team stick as one?

GEORGE BRANDIS: Well the convention is that members of the Shadow Cabinet and the Outer Shadow Ministry don't speak at party room meetings because they have their say in Shadow Ministry meetings. They, in the forum in which they are free to speak, in the Shadow Cabinet and Shadow Ministry, have complete freedom as do backbenchers and junior members of the Shadow Ministry have complete freedom at party meetings.

MADONNA KING: Taking up Anne's point from Sandstone Point, Dr Craig Emerson. She says at least the Liberal Party allows this free speaking democratic view whereas Labor doesn't?

CRAIG EMERSON: That's actually untrue. I was listening to George and that's the first time I've heard a rundown of how the joint Coalition party room works. Quite a few similarities there. The chair of our meeting is called the chair of the Caucus. Daryl Melham, he actually conducts the meeting according to the rules so that just provides a bit of structure more than anything else. We have reports from the Leader. We have a period where the Leader is questioned, where the entire executive is questioned and what does actually occupy a lot of the time in our party room is going through

legislation. The responsible Minister puts a very brief explanation and then people are allowed and then encouraged to comment on that.

MADONNA KING: When was the last time someone took on Kevin Rudd in one of these meetings?

CRAIG EMERSON: Well I won't go into all details but it's not unusual to at least ask what the Government's thinking is on a particular issue. It's not usually aggressive, Madonna. People are seeking information, they will express a view in areas of international relations and so on. Perfectly legitimate. We do have debates. I think, pretty much the same as George, apart from leadership ballots, there's never been a secret ballot. I do recall over the 11 years I've been in Parliament probably a handful of situations where a show of hands has been sought. I don't ever remember the votes being counted. The Caucus chair usually calls it one way or the other.

MADONNA KING: All right. Senator George Brandis how weakened is Malcolm Turnbull's leadership after yesterday?

GEORGE BRANDIS: I don't think it's weakened because he got what he wanted. Let's put this into context...

MADONNA KING: Did he?

GEORGE BRANDIS: Well yes he did. Let's put this into context and let me be very frank with you. Climate change policy is an issue that the Liberal Party has been struggling with for years. We struggled with it during the Howard Government and I think we paid a considerable electoral cost two years ago for our failure to ratify the Kyoto Convention. You might remember that the very first decision Brendan Nelson made when he became Leader of the Opposition after we lost the 2007 election was to support the ratification of the Kyoto Protocol. Now the debate about the environment has moved on since the Kyoto Protocol and it's now taken the shape of debate about whether it should be an emissions trading scheme. That was a policy that both sides of politics took to the election in 2007 so if Howard had been re-elected in 2007 we would have been debating an emissions trading scheme but it would have been a Liberal one rather than a Labor one. Nevertheless this issue has become quite divisive obviously in the Coalition and within

the Liberal Party for sometime now and it had to be sorted.

These Bills are being voted on in the Senate this week and ultimately the time had to come when we had to have the big meeting in which where everybody got to have their say and a decision was made and that's what happened yesterday...

MADONNA KING: But when it's so close. When it's so close and Peter Slipper this morning described it, the count, as close as a Zimbabwean election count when it's that torn, the numbers. How can the Liberal Party move forward with authority including the Leader and be frank with us here?

GEORGE BRANDIS: Well I'm being very frank with you. We've made a decision and I didn't hear Mr Slipper's contribution to the discussion. Can I tell you one of my tasks as a senior member of the Shadow Ministry is to be the record keeper of the party meeting and I actually have with me the notebook in which I take the notes ...

CRAIG EMERSON: And it's closed.

GEORGE BRANDIS: It's closed because I'm not showing Craig the contents of it but I can assure you that I kept a careful note

of what everybody said at the party meeting yesterday ...

MADONNA KING: So what were the numbers?

GEORGE BRANDIS: I don't disclose the numbers but I can tell you that a majority of people in that room supported the policy that was announced by the Leader.

MADONNA KING: What about before you take into account the leadership team? Was it strongly against it? The figures being floated this morning – 41 speaking against it, 33 for?

GEORGE BRANDIS: Well look I'm not going to go into numbers but what I'm telling you is of the people who were in that room, the Shadow Cabinet Ministers who've had their say at a Shadow Cabinet meeting beforehand and didn't speak in the party meeting and those who spoke at the party meeting. Ninety three people spoke yesterday. We've only got 99. Ninety three people spoke. Twenty Shadow Ministers in the Shadow Cabinet meeting and 73 people at the party meeting and of those 93 people a majority supported the leadership's position.

MADONNA KING: All right. So where does the party go to from here Senator Brandis and I'll

come to you in a moment Dr Emerson but you'll understand why I want to focus on George Brandis...

CRAIG EMERSON: That's fine.

MADONNA KING: The likes of Wilson Tuckey and what he's been saying about your Leader? Andrew Robb who Malcolm Turnbull was quite surprised adopted his view yesterday after previous views. Kevin Andrews who seems to be waiting for a leadership spill. Others asking for a leadership spill at a meeting and your boss being forced to come out this morning and say no we're not going to do that tomorrow. Where do you climb out of this? Aren't these just point after point after point for Kevin Rudd?

GEORGE BRANDIS: Well I think these are the consequences of a fractious issue which has been, as I said before, very difficult for the Liberal Party and the Coalition but I'm at pains to make this point. Sooner or later we have to decide between one course or another and that decision was made yesterday. There was a very substantial number of people who disagreed, that's no secret. I supported and strongly support Malcolm Turnbull's position on this. I think the Liberal Party has to take

climate change as seriously as the electorate takes it or we won't be taken seriously on the issue.

MADONNA KING: And is without doubt Malcolm Turnbull the best Leader for the Liberal Party in your view?

GEORGE BRANDIS: I'm absolutely of that view. As Tony Abbott said this morning on one of the TV breakfast shows. Malcolm Turnbull is the most substantial figure in the party room and we are very lucky to have him as a leader.

MADONNA KING: Okay. Dr Craig Emerson. One last question to George Brandis here. So the emissions trading scheme will get up. It will go to Parliament. Malcolm Turnbull and you George Brandis as a member of the Opposition Cabinet will sit there and watch members of your own party vote against you. It will become law. Do you see it as a new tax on Australian households?

GEORGE BRANDIS: Well it is a form of tax in the sense that it does have fiscal implications but let's remember that the purpose of an emissions trading scheme is to reduce the level of carbon pollution by placing a price on carbon, but to the extent that it puts a price on carbon then it resembles a form of tax but that price of course has the

purpose that price effects do, that is to make something more costly so as to encourage its use. Much of the debate about this legislation is about protecting exposed industries and vulnerable sectors of the economy. Let's ... also if I may quickly finish on this point. Let's not forget that the reason we had this debate yesterday is that Malcolm Turnbull had an enormous win. The Government made very very significant concessions to the Opposition's views on the shape of the legislation which wouldn't have been made if the Opposition hadn't entered the negotiations which it did.

MADONNA KING: All right Dr Craig Emerson, can we talk about the shape of the legislation in the ETS, just give us the reductions we will now be aiming for under law.

CRAIG EMERSON: It does depend on Copenhagen, so we're looking at a five per cent reduction if there is no effective international agreement and a reduction of up to twenty-five per cent if there's a strong binding international agreement.

MADONNA KING: But by when? By when?

CRAIG EMERSON: The reductions will be by 2020.

MADONNA KING: What about if we don't meet those reductions? What happens?

CRAIG EMERSON: Well let's see the shape of the international agreement, there will be some agreement at some point I hope, and we all hope, and I think George would join me in hoping that the Copenhagen summit does produce an effective agreement and then through the CPRS, that is the Carbon Pollution Reduction Scheme as George said, we formally put a price on carbon and that discourages the emissions of carbon into the atmosphere.

MADONNA KING: What is that price?

CRAIG EMERSON: Well the price is determined by the market. This is why it's not formally a tax. A tax is something where you say you're taxed at 'x' per cent of your income, or in the case of the GST or consumption tax, it's 'x' per cent of the price of a good. The price of carbon is determined by the need for some emitters to emit carbon into the atmosphere and the overall cap that is put on the total emissions as a result of these agreements. We do have bipartisan, I'll just mention this very quickly, we do have and already before yesterday's vote have

bipartisan support on those limitations, those caps.

MADONNA KING: All right, do you promise that the compensation given to Australian families will match the increase in the bills they will get as a result of this?

CRAIG EMERSON: For some there will be an increase in the cost of living and we have not sought to ...

MADONNA KING: Who is some?

CRAIG EMERSON: Higher income earners.

MADONNA KING: What's a higher income then?

CRAIG EMERSON: I haven't got the table in front of me Madonna but I can say this; lower income earners will be fully compensated, indeed more than fully compensated, middle income earners will be compensated to at least half the extra costs and higher income earners will not be fully compensated. We're being quite frank about that and the reason for all of this as George alluded to is you have an Emissions Trading Scheme for a particular purpose, to change behaviour to reduce emissions and it

would be churlish on my part to then say 'but it won't affect anyone'.

MADONNA KING: All right Craig Emerson, when does this become law? When is this implemented and Australian households will have to deal with it? And businesses?

CRAIG EMERSON: It would come into effect in 2011-12, and so will become law hopefully on Friday. But it...

GEORGE BRANDIS: Well subject to this though, and this is one of the complaints the Opposition had, and continues to have about the way the Government has approached this because, let me make my position clear, I mean this is, we still regard this legislation as an inferior model which is being legislated for prematurely but the Government is in charge of the timetable so we can't do anything about that. One particular criticism we have is that much of the structure of this scheme isn't in the Acts of Parliament that set it up at all, but are to be in regulations which will be made under the Acts of Parliament as your listeners would be aware an Act of Parliament can confer a regulation making power on a Minister and those regulations are tabled in the Parliament but they are not actually

deliberated upon or passed by the Parliament. Now, much of the meat, or much of the detail of this scheme is in regulations we haven't yet seen, so those regulations aren't law yet because they haven't even been drafted and we are very critical of that.

CRAIG EMERSON: Well let me just say about regulations ...

MADONNA KING: No can I just go back to George Brandis there. I don't want to confuse people listening because we still don't actually know the make-up of this legislation in depth, we still don't really understand I don't think, how it will work, but George Brandis the Opposition in that party room meeting yesterday, was it broadly to the timing that this shouldn't have been done before Copenhagen or was it fundamentally against the idea of an emissions trading scheme?

GEORGE BRANDIS: Well I think, well all of us, not just the opposition to the legislation but the unanimous view of the Coalition is that it's really quite outrageous that the Government is forcing this legislation through the Parliament in the last sitting week of the year, for a scheme that as Craig had just said

doesn't even start till 2011, so we've...

MADONNA KING: Why didn't you vote with others in the Liberal Party and why did Malcolm Turnbull then say 'no, we will talk about this next year after Copenhagen'?

GEORGE BRANDIS: That was our preference, but the Government is in charge of the timing.

MADONNA KING: So why not vote against it and make the Government put it up again next year?

GEORGE BRANDIS: Because the time has come as I said earlier, I think the time has come for the Liberal Party to get off the fence as it were on the issue of climate change policy.

MADONNA KING: But if part of being stuck on the fence is the timing of it, would that have taken that out of the equation?

GEORGE BRANDIS: No I don't think so, I mean, political events as you well know Madonna, do have a momentum of their own, and it's very much if I may say so, in the interests of the Coalition to put this debate behind us and move on. The momentum of events has been

such that really the politics of this year have been building up towards the debate on this Bill this week, we asked the Government to postpone it, it wouldn't so I really think it's time to bite the bullet on this.

MADONNA KING: Well can I ask you Dr Craig Emerson, and this is a question from Terry on the SMS, "The ETS, can someone explain to me, by paying money to the Government for emissions, how is our paid money to Government coffers going to reduce the emissions?"

CRAIG EMERSON: Well the payment, if you like, is an impost for emitting each tonne of carbon into the atmosphere.

MADONNA KING: So it's a 'stick' approach? We will charge you more, the more carbon you release.

CRAIG EMERSON: Well there's no doubt that it is an impost, and that's how an emissions trading system works. If the whole country is very successful in reducing carbon emissions directly as a result of that impost or through other initiatives that they take anyway, or technological breakthroughs then we approach our, achieve our targets more effectively and the price if you like, the penalty for emitting carbon

falls, but that's the way it works, as a deterrent to emit carbon. Now the money is used in a number of ways. We just talked about compensating lower and middle income households. There is also, and this is reflected in details of the arrangements that we came to with the Coalition, we were already providing compensation to our energy intensive trade exposed industries but there is some extra compensation there to those businesses so that we don't achieve inadvertently what is called 'carbon leakage' which means simply that the jobs and the businesses go overseas to other countries. So you do need to compensate the ones who compete head-to-head with other countries of the region.

**MADONNA KING:** You just admitted there's an impost, in thirty seconds or less just describe to me again the difference between an impost and a tax?

**CRAIG EMERSON:** Well what I'm saying, this is a part of the price of emitting carbon. It is not a fixed amount, but a tax is described as a fixed percentage either of income or of consumption or whatever the actual tax base is. This price moves around with the success, the degree of success of the economy in reducing carbon emissions.

MADONNA KING: Like a variable tax?

CRAIG EMERSON: Well you can play with the particular words Madonna, I am saying quite upfront and I've said on this program many times we are not pretending to bring in a scheme that has no effect on anyone. We are saying that it does have impacts on the amount of carbon that is emitted. That's the whole point of it.

MADONNA KING: I appreciate your time this morning, Dr Craig Emerson thank you.

CRAIG EMERSON: Okay thanks Madonna.

MADONNA KING: And Senator George Brandis I understand you left a Shadow Cabinet meeting to join us this morning, I appreciate it, thank you.

GEORGE BRANDIS: It's a pleasure Madonna thank you, thanks Craig.

GRAIG EMERSON: Thanks George.

MADONNA KING: That's Senator George Brandis, who will go back into a Shadow Cabinet meeting on the tactics to deal with this now, and Dr Craig Emerson, a member of the Rudd Government, introducing this Carbon Pollution Reduction Scheme, CPRS, and

Emissions Trading Scheme, the ETS, and there is still a lot of blurry lines on how this will operate, how binding the targets will be? A lot of it will depend on Copenhagen and what is happening there will be the subject of our 'Learn something new' next week so stay listening next week and you will learn what Copenhagen is about and how what was decided last night, and will be put to Parliament tomorrow, how that ties in with that meeting in Copenhagen. You're on 612ABC Brisbane, I'm Madonna King.

ENDS