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Transcript

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Mornings with Madonna King

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MADONNA KING: Now, at your request, the next 20 minutes or so on an issue that's creating all sorts of divisions among our politicians, business groups, environmental groups, and you too.

This is the emissions trading scheme or ETS. What is an ETS? Will it reduce emissions? Is it a tax? Who will have to pay? When will you get a vote? And where does nuclear power sit in this debate?

A poll showing this morning increasing support for nuclear energy as a way of cutting emissions. Will we need an ETS in the future? Dr Craig Emerson, as you know, is a Wednesday regular on *Inside Canberra*, and he's here representing the Government this morning. Dr Emerson, thank you.

CRAIG EMERSON: My pleasure, Madonna.

MADONNA KING: And the Nationals' Senator Barnaby Joyce. Good morning, Senator.

BARNABY JOYCE: Good morning, Madonna. How are you?

MADONNA KING: Well, thank you. Let's try for the moment to keep politics out of this and just answer some basic questions. And I might start with you, Dr Emerson. What is the ETS?

CRAIG EMERSON: It's a system where the Government each year sets a total limit on emissions of carbon into the atmosphere, and then issues permits and allows people to trade in those permits to find out the cheapest way of achieving those emissions limits. That's why it's called a cap and trade system. The limit is the cap, and then the businesses can trade in these permits.

MADONNA KING: All right. Do other countries have an emissions trading scheme?

CRAIG EMERSON: Yes, they do. Most European countries have an emissions trading scheme. The Obama administration is moving to the same scheme, the cap and trade scheme. Canada's moving in this direction. New Zealand is changing its scheme to make it pretty close to an emissions trading scheme.

MADONNA KING: All right. Senator Barnaby Joyce, any disagreement there in terms of what an ETS is?

BARNABY JOYCE: Well, I think it's a very glossy picture of what actually really happens. The thing that Craig left out is that it actually costs money; it is a tax. The

Government collects approximately \$11 billion in the first year. That is your money.

But it's not just that. Then the traders, the bankers, the brokers, they get in and churn this product so the price goes up. You have to go out or industry had to go out and actually buy those permits. It either hands the cost on to you, the consumer, and you pay for it, or it goes out of business and puts people out of work.

MADONNA KING: All right, I want you to go back a step. A small business or a big business operating in Brisbane, how do you see emissions trading scheme works, Senator Joyce?

BARNABY JOYCE: Okay, well everywhere there's a power point in that business they will pay their tax. Now, they'll either have, because it'll be on power; therefore your price of power goes up, your price of inputs go up.

It will be blind in that you mightn't actually see the hand of government actually asking for the money, but the people who supply you with power will be paying that money to the Government and putting the price up of your electricity; if it's on inputs on food, on the price of your food, on the price of basically everything you do. If it involves carbon - I do agree with Craig on this - if it involves carbon, it's going to cost money.

MADONNA KING: All right, back to you, Dr Emerson representing the Rudd Government. Is that how it will operate, that per power point a business will be required to pay, with the aim of reducing emissions?

CRAIG EMERSON: There will be an increase in electricity prices. We've never shied away from that reality. You can't have an emissions trading scheme that doesn't increase the cost of emitting carbon into the atmosphere. For the average household, that will be about a \$1.50 a week early on, and then \$2.80 a week subsequently.

MADONNA KING: I'm not meaning to be cheeky here, but is it an emissions trading scheme or is it an emissions trading tax, then?

CRAIG EMERSON: No, it's not a tax, because a tax is something, for example, where you have income tax and then you get the revenue for that and use it on all sorts of things like health and education.

The revenue raised by the emissions trading scheme is then used for abatement measures and to compensate households for any increase in costs, particularly lower and middle income households. And I make this point: if you don't emit, then you don't pay for the permits. But there will be an effect on electricity prices, as I've just described.

MADONNA KING: Senator Barnaby Joyce, I suspect you will think this is a tax?

BARNABY JOYCE: It is a tax, and in fact it's an insidious tax, because a tax you only pay on profits. This is a tax you pay because you exist. Just by reason of you existing, you are going to pay this tax.

Now, somebody is not going to iron half a uniform to save money; they're going to iron the full uniform and pay more money to do it. They're not going to cook half of dinner because they're going to save money; they're going to cook the full amount of dinner, but just pay the tax to do it.

And the other thing is that, you know, to say that America and all these people are going to have a scheme like Australia, that is not correct. That is just not the truth. The American scheme is vastly different to anything that has been proposed by Australia.

MADONNA KING: How is it different?

BARNABY JOYCE: Well, to start off with, the American scheme excludes agriculture, except agriculture you can actually make money on it. It has huge protections in there for the American workforce. It doesn't come into place unless I think about 80 per cent of the world are onboard with it. There's a whole range of caveats.

The whole premise of this is people believe that they're going down this path because it's going to cool the temperature of the globe. That's why

Australia is going into this ETS. The premise of it is on global warming, but the reality of this tax is that nothing is going to happen to the temperature of the globe because of Australia's ETS.

MADONNA KING: Well, just hold on there, because that's my next question on whether it reduces emissions per se.

But back to Dr Emerson, just on what Senator Barnaby Joyce said there, don't you think most people in the community - on how it was described by you, Dr Emerson and Senator Joyce - would see that as a levy or a tax or whatever other word you want to use to describe it?

CRAIG EMERSON: It's not a tax, but I'm just saying that I'm not and the Government is not seeking to shy away from the fact that it will affect some prices modestly. The Coalition - and I don't want to get into an argument with Barnaby here, but the Coalition is pretending that it can have an emissions trading scheme that doesn't affect anyone.

MADONNA KING: Well, when...

CRAIG EMERSON: If it doesn't affect anyone then it doesn't reduce emissions.

MADONNA KING: All right, so come back...

CRAIG EMERSON: And Barnaby is wrong about the American system.

MADONNA KING: All right, let's come back to that in just a moment, because I want to get to the differences in the parties. But my request is that we try and understand what it is before we get to there.

And so to you Dr Craig Emerson, will it reduce emissions? Is there any scientific studies that show if Australia adopts an ETS there will be a resultant drop in emissions, and by how much?

CRAIG EMERSON: Well, it will reduce emissions. And I don't have modelling at my fingertips, but I don't think we could sustain the argument that Barnaby's just made that it will increase electricity prices and other prices and have no effect on emissions. It provides incentives to reduce emissions.

And I think Barnaby's point is that well, if Australia did this on its own, being small emitters, we wouldn't reduce global emissions by much. The problem is if everyone takes that attitude then there will be no reductions in carbon pollution emissions.

MADONNA KING: But does it matter if Australia reduces its emissions if China or the rest of Asia, everyone around us, doesn't? We're such a little country. Will it have any real effect?

CRAIG EMERSON: And that's why we're going to the Copenhagen conference to seek an international binding commitment to reduce global emissions. Of course it makes sense to getting the major emitting

countries, but Australia can't just stand back and say we don't want to know anything about this, we will just let the other countries take the responsibility for reducing emissions and we'll show no leadership and play no part in reducing emissions.

MADONNA KING: So Australians pay extra and we just cross our fingers that other countries follow our leadership?

CRAIG EMERSON: No, we're going to Copenhagen with the position: that is, that if there is a binding international agreement, an effective one, then we would reduce our emissions by 25 per cent. If there is not then we would have an emissions target of five per cent.

MADONNA KING: All right. Senator Joyce, what's wrong with that? Most people actually want to reduce emissions, don't they?

BARNABY JOYCE: Well, this will certainly - the effect of the Australian scheme will do nothing to change the temperature of the globe. That is absolutely categorical. In fact, if you want to know what the number is, the change of the air you breathe will be 0.0000000798.

MADONNA KING: Well, what's your source for that?

BARNABY JOYCE: Well, its point, we're going to reduce by 5 per cent on 1990 levels the amount that Australia emits, which is 1.4 per cent of the global emissions. Three per cent of that is anthropogenic - that is, produced

by humans. Three hundred and eighty parts per million of the air you breathe is carbon.

So 380 of a million, say take 1.4 per cent by 5 per cent by 3 per cent by 380, divided by a million, and you get the effect which is nought point seven noughts, 0.000000798. For that we are going to put people out of jobs.

And by the way, there is nothing in the legislation that says you have to spend the tax that the Government will collect on abatement. In fact, Dr Ross Garnaut last night clearly said that Australia had to tighten its purse strings, so cannot hand out more free permits.

MADONNA KING: All right, just...

BARNABY JOYCE: This categorically puts to bed the argument that this is anything else but a new tax.

MADONNA KING: Can I just pull you up there? You gave a throw away line of putting people out of jobs. What's your evidence that an emissions trading scheme would do that?

BARNABY JOYCE: Okay, well let's look at one thing. Now, the Labor Party refuses to rule out agriculture. So because they refuse to rule it out, we have to work on the premise that it comes in. Now, a cow produces about 70 kilograms of methane. That's a form of

super carbon, so to get a carbon equivalent it ends up at about a tonne and a half of carbon.

Now, if we're buying permits - and the National Australia Bank says the price of permits will be between \$10 and \$100, so let's meet then half way and say \$50, \$50 per beast per year. Fifty dollars by a tonne and a half is \$75.

Seventy-five dollars per beast per year means there's no beef industry, which means your abattoir workers are gone, your farmers are gone, and your price of food in your shopping trolley goes through the roof. This is the sort of thing that the Labor Party refuses to rule out...

MADONNA KING: So...

BARNABY JOYCE: ...so we're ruling it in.

MADONNA KING: So what number of jobs do you think Australia would lose as the result of adopting the emissions trading scheme?

BARNABY JOYCE: Well, the Frontier Economics report says a 20 per cent reduction in regional economies.

MADONNA KING: All right, 20 per cent reduction.

Craig Emerson, you no doubt disagree that jobs will be lost, or do you concede that some will go as a result of this?

CRAIG EMERSON: Well, Treasury estimates are that there will be net jobs created by moving to a lower carbon economy.

MADONNA KING: How can we be so different in this that one side...

CRAIG EMERSON: Well, because one side's playing politics. And the fact is Barnaby just said oh 0.3 or three per cent multiplied by his brother's age is anthropogenic: that is, a human-made contribution to climate change. Ordinarily, he concedes that none of it is.

But let's go to the Frontier Economics report. A \$3.2 billion hole was found in that by Treasury, and Malcolm Turnbull dropped it like a hot potato. But just on our program, George Brandis said yes, it is Coalition policy. It's certainly the Coalition position.

MADONNA KING: Let's come to...

CRAIG EMERSON: I wouldn't be relying on it.

MADONNA KING: Let's come to the different positions in just a moment.

But, Craig Emerson, so who will have to pay in Brisbane? What kind of businesses will have to pay?

CRAIG EMERSON: Well, as I said at the outset, there will be a modest increase in electricity prices. In terms of, if I could just mention Barnaby's assertions about agriculture, agriculture is not in initially. We will...

MADONNA KING: So who's in initially?

CRAIG EMERSON: Well, most industry, the big emitting industries are in, okay? And the top 1000 emitters in the country are in, but...

MADONNA KING: So why would...

CRAIG EMERSON: ...agriculture is not in.

MADONNA KING: So why would my electricity bill go up?

CRAIG EMERSON: Because electricity generation will be subject to - it emits carbon pollution and so then it will be subject to the scheme.

MADONNA KING: And when you say a modest increase, Ian Macfarlane said this week that households will be slugged an extra \$20 a week by 2020. Can you tell me how much of an increase people in Brisbane will have in their electricity bill?

CRAIG EMERSON: Yeah, I can: initially \$1.50, on average, a week, and followed by \$2.80 after that.

MADONNA KING: No doubt you disagree with those figures, Senator Barnaby Joyce?

BARNABY JOYCE: Yes. And straight away, like Dr Craig Emerson is saying that, you know, agriculture is out. That's not right, Craig. You know full well that you've said that it's 2013, 2015 transition period. So agriculture, as we speak, is in. I don't know why you tell the listeners it's out when it's in.

So unless you're going to rule it out - and that will make headlines on the news tonight, that you've solo decided to make a decision to change Labor Party policy...

MADONNA KING: Well, let's ask. Craig Emerson, is agriculture in or out?

CRAIG EMERSON: Initially it is out, and then we will engage in discussions with the rural community.

BARNABY JOYCE: That's weasel words.

CRAIG EMERSON: That's straight out, straight as a gun barrel, Barnaby...

BARNABY JOYCE: That's weasel words. You...

CRAIG EMERSON: ...so it's probably better if...

BARNABY JOYCE: You a second ago were saying it's out. Now you're telling us that it might be, that you haven't quite made up your mind, but you refuse to rule it out.

CRAIG EMERSON: I said the same thing twice, and if we're going to have a knock-down drag-out brawl here Barnaby, I don't think that's what the listeners want.

MADONNA KING: No, and I don't want that either, but who determines whether it's out or in? Or why is there a difference here?

BARNABY JOYCE: Well, Craig's party can determine right now that it's out. Craig just has to say agriculture is out, it won't come in. Just say that, Craig.

MADONNA KING: Craig Emerson, is agriculture out? When will it come in?

CRAIG EMERSON: Okay. For the third time, agriculture is initially out. By 2015 it may come in. We will be engaged in discussions with the farming community about any coverage of agriculture under an emissions trading scheme. And bear in mind that agriculture may actually provide positive opportunities for farms and farmers.

And so, Barnaby, that's fine. If you think the Labor Party is going to try to close down the beef cattle industry and every other agriculture industry, that's

fine for your scare campaign. But I don't believe it's credible and I don't think the people will believe you.

MADONNA KING: All right. Now, if you have a question that I haven't asked - and I still need to come to the politics of this - you can call me on 1300 222 612, and we'll see if Dr Craig Emerson from the Rudd Government or Senator Barnaby Joyce, the National Senator Barnaby Joyce, can answer it.

And Doug from Slacks Creek does have a question. Doug, what is it?

CALLER DOUG: Hello, Madonna, Craig, and Barnaby. In the opening statement by Craig's description of an ETS, he stated that many European countries have adopted the same or similar, and named other ones too, and I haven't heard Barnaby disagree with that. So if that is the case, and it's a similar scheme, why aren't they having the problems with this so-called unemployment that Barnaby's talking about?

MADONNA KING: All right, Doug is from Slacks Creek. Thank you.

Barnaby Joyce?

BARNABY JOYCE: Okay. First of all, the Americans haven't adopted the scheme; it's stuck in the Senate. It is entirely different to ours, and it is far more protective of industry. In Europe they have a very, a much different type of scheme. It's very parochially based.

There are lots of people with lots of certain interests.

Ours is - they have got far greater exemptions than ours. Ours is, you know, almost avant-garde in the way it sort of charges into this new taxing scheme. Our is we believe in global emissions so strongly that we're not prepared to refund people the money if it doesn't work. They've put that in the legislation. All these other - China doesn't have one. India's not going to get one.

MADONNA KING: But in European countries...

BARNABY JOYCE: Russia doesn't have one.

MADONNA KING: But Senator Barnaby Joyce, in European countries where they have introduced similar schemes, has it cost jobs there?

BARNABY JOYCE: Well, yes it has. I mean if you have a look at the environmental consequences in places like Spain, 20 per cent unemployment. There are massive problems when people go overboard with this. So to say that Europe doesn't have problems with some of their policies is not right.

MADONNA KING: All right. Let me move on. Dr Craig Emerson, the next question is for you from Damian at Ascot. But is it split along green groups versus business groups, this debate in the community, do you think?

CRAIG EMERSON: No, I don't. In fact, the Business Council of Australia and the Australian Industry Group both are advocating the early passage of the Government's Carbon Pollution Reduction Scheme.

MADONNA KING: And when you're out and about or in your electorate, what's the most common question you're asked about it, Craig Emerson?

CRAIG EMERSON: What is it?

MADONNA KING: What is it, and hopefully we've gone some way to explaining that today.

Damian is from Ascot. Good morning, Damian.

CALLER DAMIAN: Good morning, Madonna. How are you?

MADONNA KING: Well, thank you. What is your question?

CALLER DAMIAN: Madonna, I've got a bit of question mark. I'll say first of all I'm very much against emissions trading schemes and carbon reduction. I work in the building industry, a supplier to housing.

MADONNA KING: Okay, but what's your question this morning, Damian?

CALLER DAMIAN: My question is what will happen to the price of housing, particularly when we're operating in an

environment where we're trying to get housing to recover to drive our economy.

MADONNA KING: And who do you want to answer that, Craig Emerson or Senator Barnaby Joyce?

CALLER DAMIAN: Well, I'd like to hear from both.

MADONNA KING: Craig Emerson, what will it do for the cost of housing, in your view?

CRAIG EMERSON: I don't have an estimate, but again there could be some impact on the cost of housing: for example, the use of electricity to produce the materials that go into making up a house. But these costs are very modest. The overall impact on the Consumer Price Index is very low. And there are opportunities, new opportunities for energy savings in the construction and the ongoing operation of houses.

MADONNA KING: All right. Craig Emerson, thank you. Senator Barnaby Joyce, just a brief response there.

BARNABY JOYCE: Well, one thing I do agree with Craig - and we do our own survey - 90 per cent of people don't understand how the ETS works. But to answer the gentleman's question, concrete, the price of concrete will go through the roof. We possibly won't have a concrete industry in Australia. We'll have to import it all. So you'll be buying imported concrete to lay your slab with.

The price of power will go through the roof because power is connected to the coal, coal is carbon, carbon gets taxed. Bricks will go through the roof because you need to do a kiln operation for them as well. Nails are made out of steel, and nails will be taxed. So nails will go through the roof. And the steel purlins and trusses that you use will also go through the roof.

Your price of housing will go through the roof. And what's it's going to do? Nothing to change the climate, but a lot to put money in Craig's Government's Treasurer's coffers.

MADONNA KING: What is the most common question you're asked, Senator Barnaby Joyce?

BARNABY JOYCE: Well, this is what I agree with Craig - what is it? And this is why I can't work out. We did a survey the other day, Madonna, and over 90 per cent of people had no idea exactly what it was.

So how can we say that, you know, 60 per cent of people agree with it, or 70 per cent of people agree with it, because 90 per cent of people don't even know what it is.

MADONNA KING: And I think that both of you are right there, given the number of questions we are now receiving through our switchboard.

Can I ask you both to stay, to sit tight for one moment? We'll cross to news headlines and we'll come back with Dr Craig Emerson and Senator Barnaby Joyce. The aim of this for us all to be a little bit more informed about what the ETS is, what its aim is and what's its consequence for you.

[Unrelated items - news]

MADONNA KING: It's 28 minutes to 10 here on 612 ABC Brisbane. Dr Craig Emerson and Senator Barnaby Joyce trying to navigate us all through this issue of the emissions trading scheme.

Now, we'll come to the difference in their parties too in just a little while, but trying to get through some of the questions you've posed this morning.

Steve from Geebung, good morning.

CALLER STEVE: Good morning Madonna. How are you?

MADONNA KING: Well, thank you. Who's your question to and what is it?

CALLER STEVE: Well, it's a general question, I guess to both. Dr Emerson was saying that there'll be a moderate increase in electricity for Brisbane, and I guess for the rest of the country. But we've noticed in the past 12 months with Queensland electricity prices our bill increased by \$112 from this time, this year from last year, and we used 10 per cent less electricity.

MADONNA KING: So what's your question?

CALLER STEVE: Well, I guess my question is is anyone going to legislate these price increases?

MADONNA KING: All right. Is there a legislative guarantee that the electricity prices won't go up more than what you've said, Dr Craig Emerson?

CRAIG EMERSON: What there is, Madonna, is full compensation for pensioners and lower income earners, and compensation for middle income earners...

MADONNA KING: Oh, okay so...

CRAIG EMERSON: ...\$6 billion.

MADONNA KING: ...explain how that works. Let's say a pensioner - you're saying they don't have to pay the increase?

CRAIG EMERSON: That's correct.

MADONNA KING: What about a low income earner? What's defined as a low income earner?

CRAIG EMERSON: Again, I haven't got those figures in front of me, but they will be fully compensated for those price rises associated with the CPRS, the Carbon Pollution Reduction Scheme. And middle income earners...

MADONNA KING: And middle income earners?

CRAIG EMERSON: ...will get some compensation. I'm not saying that every middle income earner will be fully compensated. I'm saying that there is a \$6 billion package so when Barnaby says oh, this is just all going into Treasury coffers, it's actually going, a very substantial proportion of the revenue from the emissions trading scheme will go to compensate lower and middle income earners and pensioners.

MADONNA KING: All right. Ross is from Clayfield. And Ross, what is your question?

CALLER ROSS: Good morning, Madonna.

MADONNA KING: Hi, what's your question?

CALLER ROSS: The question I have is that being - Australians are relatively pragmatic. So I don't understand why this need to rush into an emissions trading scheme before the Copenhagen conference. I mean would it not make more sense to actually see what else is on the table before we, so we can get a framework to see how we work around this?

MADONNA KING: That makes sense, doesn't it? Craig Emerson?

CRAIG EMERSON: The legislation itself doesn't set the emissions cap. Remember I was saying that that's done each year. So we don't need to wait for Copenhagen to get the legislation through. What Copenhagen will do is guide us as to what the cap will actually be, whether

we have an effective international agreement or not-so-effective international agreement.

So there is no further reason to delay. Business groups are saying for goodness' sake get on with it and give us some business certainty so we can plan with it. And this issue is far from being rushed. John Howard and Malcolm Turnbull, when they were in government, were saying they were going to introduce this scheme. Seven times they've argued for it to be delayed, all on different pretexts.

MADONNA KING: All right. So can I go to Senator Barnaby Joyce there. Senator, why do you think it's being done before Copenhagen?

BARNABY JOYCE: Well, it's being done before Copenhagen because we don't want the reality of where we actually sit in the world to be clearly spelt out. Copenhagen is where the main game is, and it's absolute conceit for Australia to charge into something when we can't actually change the temperature of the globe by ourselves. We must work for a global solution. Now, I just want to go through a couple of other things that Craig has said...

MADONNA KING: Minister, but can I just ask you, before you do that, can I just ask you that isn't it good that Australia goes to one of these meetings, a summit of the world leaders, saying look, this is what we want to do, why not come onboard?

BARNABY JOYCE: But see, one is that we're going to go on some form of sort of Kevin Rudd pulpit where we're going to tell the world what we've done and expect them really to care. I believe that Hu Jintao in China doesn't really care about what Australia's up to, neither does Barack Obama or Demetrio Medvedev or, you know, Manmohan Singh.

These people, we should be not so conceited as to think that they stay up late at night worrying about what Australia's up to. We should be doing the right thing as a global citizen and looking for what the global solution is.

Now, just to go back to a couple of other things. When they say pensioners will be compensated, what Craig hasn't told you is for how long they're going to be compensated. Don't think for one moment they're going to be compensated forever, or middle income earner compensated forever.

It is a temporary compensation measure. And there is nothing in the legislation that says they have to use the money for abatement. They can just put it in their back pocket and let you whistle Dixie.

And as far as the Copenhagen goes, why on earth, for a matter of a month, we can't just cool our heels, see what happens there, and then make our decision.

And if we truly are global leaders on things like this, then I suppose we should start leading on, you know, changing regimes in Zimbabwe and what's going on in Southern Sudan, and maybe having a look at, you know, North Korea.

If the world wouldn't listen to us on those sort of things, then where does this conceit evolve that apparently they're going to be terribly concerned about what we say on climate change?

MADONNA KING: But let me ask you, you mentioned the word conceit, but if the Business Council of Australia wants this, if green groups want this...

BARNABY JOYCE: Now, the Business Council of Australia is divided into two groups. The one group that want it are the banks and the broking houses and the share brokers, because they are going to make billions of dollars of commissions out of your listeners trading the permits. The people who don't want it within the Business Council are the ones who actually produce things that make export dollars for our nation.

MADONNA KING: All right. Some of us aren't accountants by profession. When you say trading the permits, just explain how that will work.

BARNABY JOYCE: Okay. Well, what happens in the first year, for instance, is that Government produces \$11 billion worth of permits. It puts them out into the market and then it puts \$11 billion into the Government's

pocket. So the Government puts \$11 billion into its skyrocket and walks out the door.

But then those \$11 billion of permits are like shares; they're traded. And people, you know, punt the shares and they drive the price of the share up and they drive it down and they muck about with it, and they collect commissions on it on the way through.

Now, let's imagine on \$11 billion we've got a 1.5 per cent commission; that's about \$165 million at cost in the first trade. If I churn that three times - and that's dead easy - then I've got about a half billion dollars worth of commission.

Then next year, Craig's government gives another \$13 billion worth of permits into the market, so now there's, you know, literally billions of dollars, we're heading towards billions of dollars worth of commissions.

And that's why, you know, Westpac, National Australia Bank, Macquarie Bank, the big broking houses love this scheme. You know, because someone in Sydney is going to get themselves a new 7 Series BMW out of it.

MADONNA KING:

All right, Senator Barnaby Joyce from the Nationals there.

Dr Craig Emerson, just picking up on something Senator Barnaby Joyce said, to be fair, do you

believe pensioners will be compensated throughout the operation of this scheme, or is that initially?

CRAIG EMERSON: No, I do believe that they'll be compensated throughout the operation of the scheme. And Barnaby says well, why are we going to Copenhagen? They don't believe, let's understand, the National Party does not believe that there is human-induced climate change.

They will never want to go to any conference on anything to do with climate change. So it's all very noble of Barnaby to say oh let's all be part of a global solution. They have no intention, not in December, never, of being part of a global solution to climate change.

MADONNA KING: All right, let's quickly go to Ron from Oxley.

Ron, what is your question?

CALLER RON: Morning, Madonna.

MADONNA KING: Hi.

CALLER RON: I'm still baffled as to what difference it will make whether we have this legislation passed within one month prior to Copenhagen or after. I really can't see in the big scheme of things what difference one month makes.

But my main question is what exactly is the Government going to do with this tax, or the price they're putting on these permits, once they, what are they actually going to do with this money to help change the environment and to help cool the environment?

MADONNA KING: All right, good question.

Dr Craig Emerson, have you stipulated how the money will be spent?

CRAIG EMERSON: It has been set out. But the point, the questioner was asking about how is this going to save the environment. It's going to protect the environment by making it more expensive to emit carbon into the atmosphere. That's the whole point.

MADONNA KING: So we use less?

CRAIG EMERSON: That's right, so that we emit less carbon. That's the whole point. That is actually how it works. That's the purpose of it.

MADONNA KING: Okay, can I ask the difference between the two parties. And Dr Craig Emerson, where do you see the Coalition at? And I'll ask you the same question in just a moment, Senator Barnaby Joyce.

CRAIG EMERSON: Okay, the Coalition is split, as between the Liberal Party and the National Party. Malcolm Turnbull's official position is that he is prepared to negotiate

amendments before Copenhagen. The National - but we haven't seen those amendments yet.

That'll happen I think on next Sunday with a big meeting here in Canberra, and then they're supposed to submit the amendments to us. Now, that is Malcolm Turnbull's position: yes, we will negotiate the passage of this legislation ahead of Copenhagen.

MADONNA KING: How much will you negotiate? On what issues will you negotiate?

CRAIG EMERSON: Well, we haven't seen amendments, and they've been talking about them for a very, very long time. And we would just love to see some amendments. But apparently they're coming.

The Coalition, the National Party's position - and Barnaby describes the ETS as an employment termination scheme - they are completely opposed to it and said - and I'd be interested in whether, if Barnaby wants to correct me on this - they will vote against it no matter what.

MADONNA KING: Some of the public, going on these calls, are very opposed to it too, aren't they, Dr Emerson? Do you concede that?

CRAIG EMERSON: Well, of course there'll be a diversity of views. But we went to the 2007 election with a clear commitment to introduce ...

MADONNA KING: Yes.

CRAIG EMERSON: ...a carbon pollution reduction scheme, and we will introduce a carbon pollution reduction scheme.

MADONNA KING: All right. Senator Barnaby Joyce, part of the controversy about the whole ETS seems to be the deep divisions in the Coalition. Does the National Party and Liberal Party see it really differently? And how do you navigate your way to a policy position from there?

BARNABY JOYCE: Well, the big thing is the duplicitous and fraudulent approach of the Labor Party. They have basically, you know, terrified the masses to bring in a new tax. This is not going to change the temperature of the globe. This is just going to raise more money for the Government.

If people - like when Craig said oh we'll compensate you in the long term for the cost of the ETS, well that's not going to change their behaviour. If it doesn't change their behaviour, it can't be reducing carbon.

MADONNA KING: Now, you've just avoided my question beautifully, so let me ask it again.

BARNABY JOYCE: No, no, I'll answer. Your question is where is the Coalition's position? The Coalition's position will be, at this point in time we have voted against this new tax of the Labor Government. If there is not

substantial amendments, I imagine that position will remain the same.

I have heard Minister Wong speak. She gave a very incisive diatribe about what was wrong with the proposed amendments, the propositions put forward by Malcolm Turnbull. So I'm a realist. The reality is the Labor Party are not going to move for substantial amendments. Therefore the position will remain the same.

And I hope the numbers remain where they are so we can vote against this tax, at least get to the other side of Copenhagen and, you know, really start spelling out to the Australian people the effects of this massive new tax. It is the employment termination scheme, by the way.

MADONNA KING: Would you like the Coalition just to say, rather than Malcolm Turnbull put up amendments, would you prefer that the Coalition actually did not support an ETS?

BARNABY JOYCE: No, I think it's actually terribly important that we put up amendments and...

MADONNA KING: But why? Because you are saying it's costing jobs, you're saying it's a tax.

BARNABY JOYCE: No, no, because where we are at the moment, we have got the economic amputation of both arms and both legs of the Australian economy. Now, if they

come up with an amendment that says we're going to only amputate one arm and one leg, I'll be voting for that amendment, even though I don't agree that amputation is the course of action we should be taking. But we have to mollify and mitigate this ridiculous proposal of the Labor Party's.

MADONNA KING: Enough of the amputations already. Just come back to this: you disagree with an ETS?

BARNABY JOYCE: Yes, I do, absolutely.

MADONNA KING: And some in your own party, the National Party, agree with you, many of them?

BARNABY JOYCE: Yes, they, yeah.

MADONNA KING: But some in the Liberal Party actually support an ETS?

BARNABY JOYCE: Well, we can go down a scheme of reducing carbon emissions in our nations without going to an ETS. Now, we've seen that the Australian public's view on such things as nuclear power has changed.

I think we should, you know, really sort of - why do we export uranium all round the world, and yet we don't believe it's philosophically correct to use it ourselves? This is madness. If you want zero emissions, you'll get it from nuclear power, but apparently you're not allowed to talk about it because it's a sacred cow.

MADONNA KING: But at the end of the day, you're saying that your strong view on ETS is going to lose out to the bigger party, so the best thing to do is nobble it, based on...

BARNABY JOYCE: Well, the ETS we've got at the moment is an economic disaster. It's going to be - you'll be pushing it around in your shopping trolley, you'll be taking it with you on holidays. It's on aviation fuel. It's on food. It's on fuel. It's on your work. People will lose their jobs. It'll bring about a massive dislocation in the coal industry, for which Queensland is the biggest exporter. And if it doesn't, there's no point to it.

MADONNA KING: All right. Anne from The Grange, what is your question?

CALLER ANNE: My question is I guess whether you believe in global warming or not? It's pretty clear that if we do certain things in a certain way on farms and in industry and things like that, it does have an impact on the natural world. But I just have a question to both of them: what happens if we don't do anything?

MADONNA KING: Craig Emerson, the cost of not acting?

CRAIG EMERSON: The cost of not acting is much bigger than the cost of acting. Australia is already the driest continent in the world, and the global analysis suggests that we will be especially disadvantaged through inactivity.

That's why we need to play our part. That's why we need to take a leadership role. But that's why we need to, in terms of our emissions-intensive, trade-exposed industries, ensure that we're supporting those.

MADONNA KING: All right. Barnaby Joyce, in 30 seconds or less, can you answer the same question?

BARNABY JOYCE: If Australia does nothing by itself, it'll make no difference whatsoever. If Australia is part of a global movement after Copenhagen, then there may be a form of change, but very, very slight. If Australia really wants to make big differences, get to the forefront of certain technologies such as nuclear and you really can make a difference.

MADONNA KING: All right, our last question this morning I think from Philip from [indistinct].

Philip, good morning.

CALLER PHILIP: Yes, good morning.

MADONNA KING: What's your question?

CALLER PHILIP: This morning on the news, Kevin Rudd has categorically stated that nuclear is out.

MADONNA KING: Yeah, he's saying he's not considering nuclear power. And just for everyone who may not have

heard that, that's after a Nielsen poll - it was published in the *Sydney Morning Herald* and *The Age* - says one in two people surveyed thought the Government should now consider the option. Your question then, Philip?

CALLER PHILIP:

Well, this is one of the most obvious things that Australia can do to reduce our carbon footprint. Why are we ruling it out?

MADONNA KING:

Dr Craig Emerson, why rule it out?

CRAIG EMERSON:

Because we don't need nuclear power. Some countries do because they don't have the abundant renewable energy sources that we have; they don't have the other natural resources that we have to generate electricity. Those countries need it.

But let's not believe for a moment that nuclear power is cheap. Barnaby is saying let's embrace nuclear power. That's a very interesting position from the leader of the National Party in the Senate. But let's not fall into the trap of saying oh well, let's not have a carbon pollution reduction scheme, we'll just have nuclear power.

Nuclear power is very expensive. If it was so cheap, then all those countries all around the world would be just, you know, installing nuclear power stations.

MADONNA KING:

Barnaby Joyce?

BARNABY JOYCE: Well, they are. Eighty per cent of the power from France comes from nuclear power. England, Scandinavia, Germany, Japan, China, India, United States, Canada. Our technology for the Lucas Heights reactor came from Argentina. And we've just being sort of troglodytes. We're sort of dragging our heels and waiting for the world to pick us up.

We can go - I'll tell you what renewable - if nuclear power is twice as expensive, then renewables such as wind are about four or five times as expensive. Here's the great metaphor for renewables such as wind. Go to the Cocos Islands, you'll see two big wind turbines, and they've just been replaced by diesel engines.

MADONNA KING: All right, okay, Barnaby Joyce. Now, I want to be as fair as possible, so can I just give you both say 30 seconds each to sum up your view and what people listening who have struggled with this issue of ETS, as your constituents have too, how you see it, and why you are of the belief you are. And let's start with you, Senator Barnaby Joyce from the Nationals.

BARNABY JOYCE: Well, the ETS is a massive new tax. It is either the employment termination scheme or the extra tax system. It is the collection of money by the Federal Government. It is not going to change the temperatures of the globe, not one iota.

What it is, it lacks in regulations the transparency so we know exactly where it's going. We should sit back and at least wait for the main players - and we are not one of those - such as China and America to decide where they are going, so that we don't completely isolate our economy. Our economy is an export-based economy on coal, on agricultural products...

MADONNA KING: All right.

BARNABY JOYCE: ...and this is going to decimate them.

MADONNA KING: All right. Craig Emerson, the same amount of time. Can you in 30 seconds say why it is so important for us to have the ETS you're planning?

CRAIG EMERSON: Australia needs to play its part in the global effort to reduce carbon emissions. This is an enormously important problem, not only for the globe but especially for Australia. Have a look at some of the analysis or scientific evidence in relation to the Great Barrier Reef, just for a starting point.

Now, if we don't get a global solution to reducing carbon emissions, Australia will be very adversely affected, as already the driest continent in the world, on the earth. We are keen to take a leadership role here, but at the same time to ensure that we support our Australian industries, that we keep our jobs here, but we play a role, as we should, as an international citizen.

MADONNA KING: Dr Craig Emerson, Senator Barnaby Joyce, thank you very much.

BARNABY JOYCE: Thanks, Madonna.

CRAIG EMERSON: Okay, thanks Madonna.