



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

Transcript  
Sky AM Agenda with Kieran Gilbert  
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*Subjects: polls, carbon pricing legislation, Coalition's superannuation policy.*

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KIERAN GILBERT: The Government's controversial mining ... carbon tax will become law today, with the vote expected around midday. It comes as the latest Newspoll shows a boost for the Gillard Government: up 3 points, its primary vote to 32 per cent. With me on the program to discuss these matters and other issues of the day, the Trade Minister, Craig Emerson, and the Deputy Opposition Leader in the Senate, Senator George Brandis. Gentlemen, good morning to you both.

CRAIG EMERSON: And to you.

GEORGE BRANDIS: Morning Kieran.

GILBERT: Craig, this poll, first and foremost: it must be ... must come as some relief to you.

EMERSON: Well, I won't break the habit of a lifetime and go into depth about the entrails - pulling away at the entrails - of polls, but the direction is positive. So, obviously, that's lent some encouragement. And I think the people are coming to appreciate that Tony Abbott may go down in history as the best Opposition leader the country's ever seen, because he says, 'no, no, no, no and no'. But they're coming to realise

that you need more than that if you're going to be a serious candidate for the prime ministership.

GILBERT: Should it be a reminder to some of your colleagues to calm down a bit?

EMERSON: Well, I'm calm and, you know, we are calm. We just need to keep working to deliver the sorts of outcomes that you've just foreshadowed. The carbon price goes through the Senate today. We've got the mining tax, where we want to see everyday Australians sharing in the benefits of the mining boom. The Coalition wants to rescind it. So, there are some real contrasts there. We've got a positive agenda and, fundamentally, the Coalition has a negative agenda.

GILBERT: But Craig, the ... a number of your MPs have been spooked in recent times and nervous about the political situation. You've been around politics for a long time. Is this ... should this be a reminder to some of those backbenchers to just calm their nerves a bit?

EMERSON: And that's why I say I'm calm, because I have been around politics a long time, and I have remained calm through this period. Because I've seen polls come and go; I've seen them go up and down. And remember, those poll questions are essentially 'if an election were held on Saturday'. So it's almost an expression of mood at a particular time. It's actually not a reflection of what is going to happen at the next election due in two years' time.

GILBERT: Senator Brandis, Tony Abbott's negativity has been an issue. The Government's trying to make it a focus in recent times. It seems to be working. They've argued that he's too negative. His dissatisfaction rating has ... is up to 57 per cent. It's a record for him.

BRANDIS: Well, look, I think you ought to see these polls in the overall context. And we're not at all disappointed at these results. I mean, I think it goes to show, Kieran, how sort of ... how much in the cellar the Labor Party is, that they're taking comfort from a poll that shows them only 12 per cent behind on the primary vote, and only 6 per cent behind on the two-party preferred vote. This is a poll that they've gone from, you

know, losing 30 seats if there were an election held any time soon to losing, perhaps, 20 seats. So, we're not particularly troubled by this poll at all.

I suspect - you know, Mr O'Shaughnessy's the analyst, not Craig or me - but I suspect it does reflect the fact that the Royal visit constituted something of a break in the news cycle. So this remorseless negative news about the Government, where they couldn't get anything right, was, sort of, broken for a week with happy pictures of the Prime Minister and the Queen.

But, look, we're happy with where we sit. This is a large lead, and it is consistent with where the polls have been pretty much since the 2010 election – certainly since earlier this year, when we had the announcement of the greatest broken promise in Australian history: the introduction of the carbon tax. So, we're not at all fussed.

GILBERT: Do you think it's inevitable that the numbers will narrow even further?

BRANDIS: I don't know. I mean, they may or they may not. I think when the carbon tax starts to bite - because sadly it will go through the Senate today and the betrayal will be complete - when the carbon tax starts to bite and people see how it affects their electricity prices and their food and grocery prices, and their municipal rates and their gas prices and all the other elements of their cost of living, then we will be reminding them that that is largely due to the carbon tax the Government promised never to introduce.

EMERSON: And the Coalition will have a real question to answer at that time, because the Coalition has basically said Australian manufacturing will be destroyed, towns and cities will be devastated. That won't happen. But the question, then, will be to Mr Abbott: why are you cutting the age pension; why are you increasing income taxes, when he promises to rescind the carbon tax? And his answer will be 'because, under me, Tony Abbott, electricity prices will fall'. Will fall! Now, no-one will believe that, but he'll be saying 'I'm doing this for your own good, because this is the gospel truth. Under an Abbott-led government electricity prices will fall. Therefore, your pension

will be cut; therefore, your tax cuts will be removed and you won't get that tax-free threshold of \$18,200'.

GILBERT: Let's hear Senator Brandis.

BRANDIS: I think you should just wait to see what Mr Abbott does have to say...

EMERSON: He's already foreshadowed this.

BRANDIS: ... at the next federal election campaign. But there is no doubt at all about this: that the introduction of this carbon tax, in violation of a solemn pledge given six days before the last election, will have a devastating effect on people's cost of living and on the Australian economy.

EMERSON: 0.7 per cent.

BRANDIS: The Australian economy generally. I just wanted to share with you some figures - the latest figures by some economic modellers, the Centre for International Economics, which were published yesterday; which estimated that by 2020, as a direct result of the carbon tax, Australia's GDP will fall by \$180 billion. Real wages will fall by...

EMERSON: Complete rubbish.

BRANDIS: ...1.9 per cent. Average household earnings in the next seven years will fall by \$11,340. Productivity will fall by 1.9 per cent per worker, and electricity prices will rise by 30 per cent.

GILBERT: Where's it from?

BRANDIS: That's the Centre for International Economics ...

EMERSON: And George is...

BRANDIS: ...whose modelling was ... was published yesterday morning.

EMERSON: ... handily quoting himself in this Hansard.

BRANDIS: Well no, I'm just ... I'm just quoting those figures.

EMERSON: The Centre for International Economics would never forecast a reduction in GDP by 2020. That means a very substantial contraction in the size of the economy.

BRANDIS: Thank you, Craig. That ...

EMERSON: And the Centre for International Economics would never forecast that.

BRANDIS: That was precisely what their study said.

EMERSON: It is completely wrong. The Treasury analysis shows 1.6 million more jobs, and a very, very substantial increase in GDP. And we know that that's on the way, because there's \$430 billion of new investment in mining on the drawing board.

GILBERT: Okay, well let's ... let me ask you something that is a reality...

BRANDIS: Craig, [indistinct]...

GILBERT: ... beyond, you know, these projections; something that is a re... will be reality: twenty-three dollar starting price. We've seen the price in Europe collapse per tonne from somewhere between \$9 and \$12.50. That's a four-year low because of the uncertainty in Europe. That means that, you know, our businesses are going to be paying ... locked in to double the price of what European businesses are going to pay in terms of the price per tonne of carbon.

EMERSON: It starts at \$23.

GILBERT: It goes up to \$29 in 2015.

EMERSON: It's indexed for three years and then it floats. And this ...

GILBERT: So, for the first three years they get flogged?

EMERSON: No, because let's not forget the issuing of free carbon permits. That is, for our trade-exposed industries many of them will get free permits for up to 94½ per cent of their emissions. This is conveniently ignored when these sorts of comparisons are made.

BRANDIS: [Indistinct]

EMERSON: Well, if they are trade exposed, they will. If they are electricity generators, of course that's a different story ...

BRANDIS: That's right.

EMERSON: ... because we do want, through this whole process, to shift energy production processes gradually away from fossil fuels, most particularly coal, towards renewable energy.

BRANDIS: Craig, your own modelling...

EMERSON: That is the purpose of it.

BRANDIS: ... your own modelling that you're so swift to defend says that there'll be an immediate 10 per cent increase in electricity prices. That's the whole point of this carbon tax, to change...

EMERSON: And we have said that, we have said that.

BRANDIS: ...behaviour through a price signal.

EMERSON: And that translates to a total increase in the cost of living for the average household of \$9.90 per week, with compensation...

BRANDIS: And you're giving them \$10.10.

EMERSON: ... of \$10.10. And for low income earners, that's an average...

BRANDIS: And it...

EMERSON: ...for low income - let me finish - for low income earners there's a 20 per cent battlers' buffer. So when you hear from the Coalition about this terrible increase in electricity prices, it's \$3.30 a week, estimated by Treasury in a total cost-of-living increase of \$9.90.

GILBERT: If that is the case ... if that is the case, Senator Brandis, if that is the case and the impact isn't as...

BRANDIS: That's not the case.

GILBERT: But if we...

BRANDIS: These are fanciful figures.

GILBERT: But we will soon know.

EMERSON: These are Treasury figures.

GILBERT: We'll soon know, won't we, once it's in place?

BRANDIS: We will soon know it. As my friend Warren Truss is fond of saying: 'this is a Government that can't get its billions right, and it claims to...

EMERSON: That's Barnaby's specialty.

BRANDIS: ... claims to be able to estimate to within 20 cents what the effect of a household's budget is.

EMERSON: That's Barnaby's specialty. He doesn't know the difference between a billion, trillion and a million.

BRANDIS: This is beyond absurd.

GILBERT: Okay. Well, Tony Abbott's been accused of scurrying off; running away from the debate. Wayne Swan has said that. He's gone to London today; he's running away from the debate, according to the Treasurer.

BRANDIS: Well, that's a silly thing for Wayne Swan ... I mean, I would have thought that even Wayne Swan was not capable of saying such a silly thing. The Prime Minister has just been overseas at a major international conference in Europe. Tony Abbott, who's not in government but in opposition, has gone to the major international conference of centre-right parties in London, where he will be meeting both opposition leaders and prime ministers and presidents from centre-right parties. So for Wayne Swan to make that suggestion just goes to show how desperate poor old Mr Swan has become.

GILBERT: The Coalition on the issue of superannuation: the increase of the super guarantee from 9 to 12 per cent. You were part of the discussion that saw the Coalition commit to changing its position on that. You're going to keep that in place despite voting against the mining tax. Apparently, some of your colleagues ... Julie Bishop is not happy with that. Andrew Robb was excluded from the phone call altogether.

EMERSON: Ropable.

GILBERT: He's obviously angry too.

BRANDIS: Well look, Mr Robb is not a member of the leadership group, and...

EMERSON: Just the Shadow Finance Minister.

BRANDIS: Well, he's ... I mean, we have a ... we have a, as you, I'm sure, do in the Labor Party, Craig ... we have group which comprises the leadership group and ...

EMERSON: Mathias Cormann's in the leadership group?

BRANDIS: ... and as well as that, from time to time, individual shadow ministers are co-opted. And on this particular occasion, Senator Mathias Cormann, who had...

EMERSON: But not the Shadow Finance Minister.

BRANDIS: ... a direct portfolio responsibility for superannuation, was co-opted to the discussion.

EMERSON: Well, that's extraordinary.

GILBERT: Okay, but obviously there's some division there because some ...

BRANDIS: I don't know that there is.

GILBERT: Well, Julie Bishop is worried about how you're going to make the, you know ... how you're going to meet the costs of all of these commitments that are mounting.

BRANDIS: I love all this speculation about what happened on a telephone call. No, Julie Bishop has never said that to me, and I don't think that's her view.

EMERSON: Well, certainly Mr Robb - sources close to Mr Robb, for which read "Mr Robb" - was, quote, "ropable". And why wouldn't he be? Because here we have - you talk about millions and billions and trillions - there's \$70 billion in unfunded commitments from the Coalition, which just got bigger because Mr Abbott realised it wasn't going to be all that popular to yank away an increase in superannuation for 8.4 million working Australians. So what's he do? He says, 'well, we'll book it up to Joe and Andrew; they can fix it'. Except, he didn't even give Andrew Robb the courtesy of being part of the telephone conversation, because he knew that Mr Robb knows that there's a big funding problem of...

GILBERT: Senator Brandis ...

EMERSON: ... \$70 billion-plus.

GILBERT: Senator Brandis was on the conversation ...

BRANDIS: Well, I...

GILBERT: ... and with the talk about how you're going to meet the mounting commitments.

BRANDIS: I'm not going to talk about what was said in a private meeting, or a private telephone conversation.

EMERSON: The Australian people will want to know.

BRANDIS: But you've said what ... you've indicated what the decision was, and all this sort of conjecture about Mr Robb ... Mr Robb is not part of that group.

EMERSON: You've already said that.

BRANDIS: The only person who is not part of the group who was invited to join the discussion was a shadow minister with specific responsibility for superannuation. It's ...

EMERSON: And it doesn't make the funding problem any easier.

BRANDIS: ... it's as simple as that.

GILBERT: But does it create a rod for your own back? If you do make it into government, you've got a hell of a lot ...

BRANDIS: We will, we will...

EMERSON: A Robb for their own back.

BRANDIS: ... we will, we will be publishing before the next election a clear ... an indication of where the savings are coming from.

EMERSON: And certified by a Mosman bookkeeper, a good friend of Joe Hockey's. They won't go anywhere near the Parliamentary Budget Office; they won't go anywhere near Treasury and Finance. They'll say they're all biased ...

BRANDIS: Well, Craig, last...

EMERSON: ... and what will happen is that they'll put out shonky figures like they did last time which, after the election, were revealed, as we said before the election, to involve an \$11 billion black hole.

BRANDIS: Craig, at the last...

EMERSON: And it's now \$70 billion and rising.

BRANDIS: That's a figure that you've just made. You just make up this figure: 70 billion...

EMERSON: No, not the 70. Absolutely not.

BRANDIS: You make up [indistinct]...

EMERSON: You know why? Because Andrew Robb said on *Meet the Press*...

BRANDIS: Entirely made up.

EMERSON: Andrew Robb said this on *Meet the Press*, and I've got a pretty good memory.

BRANDIS: You will, you will...

EMERSON: He said 'the \$70 billion: we put that out there, right'. We put that out there.

GILBERT: Let's hear from Senator Brandis ...

EMERSON: Well, that's what Andrew Robb said.

BRANDIS: We will ... we will have our costings certified, as they were last time...

EMERSON: Yeah, yeah.

BRANDIS: ...by an independent authority. Last time ... I mean, it's amazing to me, Craig, that you are so free with the reputations of professional people. The last ...

EMERSON: I have the name of a Mosman bookkeeper.

BRANDIS: In 2010, our costings were certified by one of the biggest accountancy firms in Australia.

EMERSON: It had an \$11 billion hole in it; an \$11 billion hole, ...

BRANDIS: One of the biggest accountancy firms in Australia.

EMERSON: ... as certified by Treasury and Finance.

BRANDIS: Not by Treasury at the heart of government...

EMERSON: Oh yes, they're all cheats over in Treasury.

BRANDIS: ... but by an independent accountancy firm...

EMERSON: And that's what you'll do again. You'll stay away from Treasury...

BRANDIS: ... and we will...

EMERSON: ... because the numbers will not add up.

BRANDIS: ... we will ensure that our figures are independently certified...

EMERSON: And it was Andrew Robb ...

BRANDIS: Your numbers won't be independently certified, they'll be certified...

EMERSON: By Treasury.

BRANDIS: ... by your own bureaucrats.

GILBERT: I'm sorry, I've got to interrupt...

EMERSON: It was Andrew Robb who said the \$70 billion is there. That's their problem.

GILBERT: We've got plenty of time ... okay, Craig ... we've got plenty of time to have this debate over coming months...

EMERSON: Over a cup of tea.

GILBERT: And maybe a cup of tea, yes. Gentlemen, thank you for that. Appreciate it.

BRANDIS: Thanks, Kieran.

EMERSON: Thank you.