



MEDIA RELEASE

Senator the Hon Penny Wong

Minister for Climate Change and Water

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**TRANSCRIPT OF INTERVIEW WITH FRAN KELLY, *ABC RADIO NATIONAL*
*BREAKFAST***

SUBJECT: EMISSIONS TRADING

E & O E – PROOF ONLY

KELLY: The Minister joins us now, in our Parliament House studio, Penny Wong good morning.

WONG: Good morning Fran.

KELLY: The Government has said that an emissions trading scheme will be in place by 2010, which is a pretty tight timetable, what do we have to do to get there?

WONG: Well, what I have announced today is a detailed timetable to get us there. We are determined to consult with many aspects of the Australian community, and what I have announced is we will have a period of consultation followed by a Green Paper, which we intend to release in around about July of this year, further consultation and then draft legislation by the end of the year. We do recognise that this is a very significant reform and we are determined to undertake this reform as carefully and as methodically as is possible.

KELLY: So, by the end of year will all the groups concerned, and let's talk about industry groups in particular first, will they be aware of what costs will be involved – in a sense how much pain they are going to have to take – and what cost, for instance, [unknown] to put on the cost of carbon?

WONG: Well, the cost of carbon under the emissions trading scheme will be determined by the market, because we will set a level of emissions, we will have permits up to that level and the market will trade and the market will set the price. But broadly, what industry, as well as households and individuals in the Australian economy will understand are the broad design elements of the scheme. That is, how we are going to set the targets, what sort of issues we will address, how we will address the impacts on various aspects of the economy and how the scheme will work. So, all of these matters will be the subject of consideration in the Green Paper and it will enable people to understand very clearly precisely what the Government is going implement.

KELLY: So, it is more how rather than what? You are calling for public input into all of this and the Australian Industry Greenhouse Network chief, Michael Hitchens is on the record for being concerned that there is still not enough detail, including modelling for meaningful debate - that industry wants to modelling, it wants to know what it is dealing with here.

WONG: Look, we absolutely need to ensure that these changes are modelled. As you said earlier, this is a very significant reform and we need to know very clearly what the impact across the economy will be. We have said for some time we will undertake modelling within Treasury, Professor Garnaut's advice will also be an important contribution here. So those sorts of issues will absolutely be canvassed through the consultation process as appropriate.

KELLY: But when will the Garnaut's targets and the Treasury modelling, when will that be available as part of this process?

WONG: Well, we would anticipate some of those issues being available towards the second part of the year. Certainly, Professor Garnaut's interim report has already been indicated and a draft of his final report is due to be released in September of this year. So people will have plenty of time to consider the various economic and social and environmental issues that need to be considered when you are putting in place a scheme that fundamentally is about responding to climate change.

KELLY: You have already started consultations with a number of groups, industry groups and other non-government organisations, and along with the Agricultural Minister, Tony Burke, you will soon begin consultations with the agriculture and forestry sectors. On breakfast a couple of weeks ago Philip Glide, the Executive Director of the Australian Bureau of Agriculture and Resource Economics, or ABARE, said he thinks agriculture should be included, otherwise farmers will pay the price for climate change and a carbon trading scheme but not get the benefit from it. What is your view, should agriculture be in?

WONG: Well there are a range of views within the agriculture and forestry sectors about that. What I have said is we will consult with agriculture and forestry representatives on two key issues; first, should they be included in an emissions trading scheme and second, if so, when they would seek to be included. So those are precisely the issues that we want to talk to farmers and people in the forestry sector about - they are the important issues.

KELLY: Do you have a view?

WONG: Look, I think there are plusses and minuses, there certainly are some issues still associated with measurement: how do you measure emissions from forestry and farming practices? But having said that, there is no doubt that those management practices can contribute significantly to your emissions profile, so there strong.

KELLY: And they'd like to be rewarded for that?

WONG: Well certainly farmers who have complied with restrictions on land clearing have actually made a significant contribution to Australia's Kyoto effort, but these are all the issues that we want to talk to people about and we will do so.

KELLY: Minister, you are under pressure to give away free permits to key energy producers. Will you do that? And what other incentives might be on offer?

WONG: Well can I say at the outset what I think is important, and this is the approach that the Government has taken, is that we approach emissions trading understanding all the groups that might be impacted. As we have said a number of times, this is a very significant reform, it is akin to trade liberalisation, so it has opportunities but it also has challenges and therefore, we need to look at all areas in the economy that may need assistance to move to a lower carbon future. So, I am not at the outset going to jump at one particular group. We are going to take a methodical and careful approach and I have outlined principles about the trade exposed sector, about the domestic sector and about households, we'll take these forward and these are things upon which we will consult.

KELLY: In terms of households, what kind of recompense will there be, and will you outline this in your green paper, for the low paid in our community who will be hardest hit? I mean the electricity and the other energy produces came out immediately, a month or so ago and said this will hit consumers, this will cost consumers.

WONG: Well as I have said, and the Government has said, we will absolutely be considering very closely the impact on households. Look, I think Australians do understand that the costs of neglecting to act on climate change will ultimately be greater than cost of responsible action, and Australians did understand that, they do understand that and that is one of the reasons that there is such support of effective tackling of climate change. Having said that, we understand that we have to model very carefully the impact on households and you make a very good point in relation to low income households, people who are renting, for example, who have less opportunity to actually transition to a lower carbon household so it is harder for them to make the changes that you might need to reduce your energy consumption. So these are the sort of things that we need to look at. We need to look at how we as a government through this process can assist Australians going to a lower carbon future.

KELLY: Minister, what about the urgency of all this? The latest news on climate change is even more bleak. The UN released a report yesterday saying that the world's glaciers are melting at a record rate. Isn't the [unknown] of that perhaps that we are moving so slowly, the whole world needs to have a greater sense of urgency and pace about this?

WONG: Well Fran, I think there is no doubt that we are behind the eight ball as a result of eleven years of inaction under the previous Government and it is a disturbing report - the reports of it, which I've read today. But we are very clear that this urgent challenge, this was an important issue in the election and the Australian people made very clear that they thought this was an urgent issue that needed to be addressed. That's why we are progressing the emissions trading scheme, which is at the heart of our approach to reducing emissions across Australia and that's why we are deeply and constructively engaged in the international negotiations because, as you point out, this is an urgent issue and it is an issue on which all nations of the world need to be part of the solution.

KELLY: Our current policy, the Government's current policy, is you know to adopt a long term goal of cutting greenhouse emissions by 60% by 2050 but Professor Garnaut, who you have already spoken about, his interim report said action needs to be taken immediately, it can't wait.

WONG: Well we are taking action immediately that's why we are moving to establish an emissions trading scheme and as I have said on a number of occasions, we agree with Professor Garnaut we do need a mid-term target. We need a target to inform the second Kyoto commitment period. Obviously ratification of the Kyoto Protocol means that we do have a target for up to 2012, but we need a mid-term target and we have said we will set that after we consider the economic modelling that I have discussed, after we consider Professor Garnaut's report and we will set that towards the end of the year.

KELLY: Ok, Minister thank you very much for joining us.

WONG: Good to speak with you Fran.

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