



# **MEDIA RELEASE**

**Senator the Hon Penny Wong**

*Minister for Climate Change and Water*

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PW 91/08

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## **TRANSCRIPT OF INTERVIEW**

**SUBJECT: EMISSIONS TRADING SCHEME, RENEWABLE ENERGY TARGET**

**E & O E – PROOF ONLY**

**JOURNALIST:** Penny Wong thanks for your time. This report says \$200 a year per household would be the cost within five years of the carbon trading scheme. Is that the sort of thinking that you have as well?

**WONG:** Well can I say at the outset: what we do know when it comes to climate change is two things. First, climate change is already happening, and second that failing to act, the cost of not acting, will be greater than the cost of acting. That is the way the Government understands this challenge and I think the Australian community understand this challenge. On the issue of the impact on families, we have been very clear since we came to Government that we understood that shifting the Australian economy from a high emissions economy to a low emissions economy was a significant economic task. This is more about economic responsibility, and consistent with that we understand that we will have to put in place measures to assist families, to assist Australian households to adjust to the impact of carbon price and I've said that since February this year.

**JOURNALIST:** OK, you're not sitting here today laughing off this talk of a \$200 a year per household increased cost, that's not out of the realms of possibility...

**WONG:** No, no, what I'm not doing is engaging in discussion on the details of that, because the Government obviously will put out its own views. I've made that clear... in about a month's time, or next month we'll be putting out a Green Paper which will set out options around our emissions trading scheme design and we will also, as I've said, ensure that there are measures to assist households to adjust to the impact of carbon price.

**JOURNALIST:** Well, if you won't speculate on what that cost will be, on the household, can you tell us a bit about how you are going to decide how much you compensate households as compared with industry?

**WONG:** Well this is the point that we have made, which seems to have escaped the opposition. The issue that the Government has to confront and that the community has to confront, is how do you shift the Australian economy from a high emissions economy to a low emissions economy. The best way to do that, the most economically responsible way to do that, is through an emissions trading scheme, because that is how you get the lowest cost to transition. So that's what we've got to do here, to work out how to get from A to B at lowest cost to the economy and to families and to Australian households. Now what I have been explaining, for some time, to various individuals and groups and the opposition hasn't really grappled with this, is that decisions in one area are going to impact on the other. So the more that you choose to exclude certain sectors of the economy the more the other parts of the economy have to work to deliver the reduction in emissions that we know we need. So this is all about getting the balance right, it's about ensuring that there is a fair

contribution across the economy to this transition at lowest cost and it's about ensuring that Australian households are assisted with the impact of carbon prices.

**JOURNALIST:** Have you yet made a decision on whether petrol will be in this scheme?

**WONG:** These are amongst the design decisions that the Government is...

**JOURNALIST:** Have they been taken?

**WONG:** These are amongst the decisions the Government has to take. I've laid out a very clear process David and you and I have discussed it. We'll put out a Green Paper in July after Professor Garnaut's draft report and we will have detailed consultation on those design issues prior to the end of the year when we will put out exposure draft legislation.

**JOURNALIST:** The opposition seems to be positioning to oppose the inclusion of petrol in any carbon trading scheme...and by the sounds of their language today could well oppose the whole scheme itself. This puts the onus on the government to really sell this message as to why this scheme, and the increased cost associated, is necessary. Do you think you've done enough to prepare Australians for this?

**WONG:** Well can I say there is also an onus on the opposition. The opposition in Government – John Howard – agreed that we needed an emissions trading scheme. The opposition now is seeking to play short term political games and refusing to deal with the big picture issue, the big picture issue being: here is climate change, it is happening now. How do we best prepare for it? How do we best respond to it? This is fundamentally a question of economic credibility and if the opposition fails to deal with the scale of this challenge they will be exposed for the opportunism that they're demonstrating today.

**JOURNALIST:** Can I ask you one final question, will you be keeping the mandatory renewable energy target (MRET) that you've set for 20% by 2020? There's a growing view that you can't have that and also a carbon trading scheme, that that would unfairly favour renewables and over the efforts being made on oil and coal and that sort of thing. Will you keep that MRET, Mandatory Renewable Target?

**WONG:** Well a couple of points about that, I think on the last occasion you and I spoke you were critical of the government on some of its renewable energies policies...

**JOURNALIST:** Solar...

**WONG:** ...and I made the point that the renewable energy target is a very substantial investment in renewable energy. We are very conscious of the interaction between the emissions trading scheme and the renewable energy target. If you consider the timeline we've laid out, one of the issues we will be assuring is when we design the renewable energy target and how we implement that, that were conscious of what decisions have been taken by the Government in relation to the emissions trading scheme. So you're correct, there is a relationship between the two objectives between the two policies. We're very conscious of the need to ensure they're consistent.

**JOURNALIST:** Does that mean the renewable energy target stays though, or is that something you're considering?

**WONG:** It is an election commitment and we were very clear this was an election commitment. And the logic behind it is that we need to ensure that we drive investment in renewable energies so

that Australia, as we shift to a lower carbon economy, does have a range of energy options available to us. We don't know now, at this point in time which of these options is going to be the most commercially viable, but what we do know is we need to invest now to ensure we have those options on energy into the future.

**JOURNALIST:** Minister, thanks for you're time

**WONG:** Good to speak with you.

**ENDS**