



LEADER OF THE OPPOSITION
THE HON. TONY ABBOTT MHR
FEDERAL MEMBER FOR WARRINGAH

2 February 2010

TRANSCRIPT OF THE HON. TONY ABBOTT MHR
JOINT PRESS CONFERENCE WITH THE HON. GREG HUNT MHR
AND WARREN TRUSS MHR, LEADER OF THE NATIONALS
PARLIAMENT HOUSE, CANBERRA

Subjects: The Coalition's direct action on climate change and the environment policy.

E&OE.....

TONY ABBOTT:

Thanks everyone for coming along today. It's good to see that there is a little bit of interest in this announcement. It's nice to see such a big roll-up. The documents are being distributed so you'll be able to peruse them, obviously at your leisure, but our policy will deliver the same emissions reductions as the Government's but without the Government's great big new tax.

Our policy will be simpler, cheaper and more effective than the Government's because it relies on incentives not penalties. Now, at the heart of our policy is an Emissions Reduction Fund which will slowly ramp up and it will be at the level of \$1 billion in the fourth year. From this fund we will purchase improvements in the environment that will also reduce emissions. The kinds of things that we might purchase will perhaps be increased soil carbon which will improve soil productivity, we could purchase cleaner power stations, perhaps using innovative technology such as algal synthesis. There'll be the potential for a great deal of extra tree planting on suitable land.

The criteria by which we will judge the bids that we get for spending under the fund, first, it must involve a reduction in emissions. Second, it must improve the environment as well as just reduce emissions. Third, there must be no increase in costs to consumers and I'll repeat that very important point – I suppose these bells might ring for four minutes, so I'll have to make this point again over the bells – there will be no increased costs to consumers.

Now Mr Rudd I believe has been out there this morning saying our policy's no good because it doesn't involve compensation. Well, you don't need compensation if you aren't slugging consumers with higher prices and fourth, there must be no cost to jobs.

Now, I want to make it very clear that this policy is not about using regulation rather than the market. This is a market-driven policy only it will be driven by rewards, not penalties. There are some other important aspects and dimensions to our policy. There will be extra incentives for solar. We want to achieve a million extra solar roofs by 2020 and I think this is a very exciting policy which gives ordinary Australian families a chance to contribute to a better environment and lower emissions. It also gives us a chance to make use of one of Australia's great characteristics. We are the most sun-drenched continent on earth; let's make more of our sunshine. We've also got the provision in there for green corridors, urban forests, we want to plant an

extra 20 million trees, that aspect of our policy because that will contribute to better towns and better suburbs.

I should also mention there that there is \$2 million to study the use of underground direct voltage cable for the high voltage transmission. I think it would be a terrific thing if we could get those really ugly high-voltage cables that criss-cross our cities underground and that's what we'll be studying under that \$2 million aspect of the policy.

Finally, we're providing for public forums. I think there is a great hunger in our community for debate on this subject. I think that for too long, debate was suppressed on this subject and we want to foster debate in our community on climate change and how it might best be tackled. My office will be distributing a list of people who you might like to contact for comment on the policy. I do want to draw your attention to the work that has been done by Frontier Economics who have said that our policy is economically and environmentally responsible.

Finally, I just want to say that by improving our soil, by making more use of our sunshine, I think we have brought together a policy which is quintessentially Australian. It's about solar and it's about soil. These are important aspects of our country. I also want to point out that this is a policy which is careful, it's costed and it's capped. There can be no cost blow-outs under this policy the way there have been under so many of the Government's policies in this area.

Now, I'm going to ask Greg Hunt, who is the principal author of the policy just to say a few brief words, then I'm going to ask my colleague Warren Truss, the Leader of the National Party just to say a few brief words and then we'll throw to questions.

GREG HUNT:

Thanks very much, Tony. Brief comments from me are these. We will achieve the same target as the Government of 140 million tonnes of reduction by 2020. We'll have the same start date of the 1st July 2011 and we can do it because our system is simple and so we will run over the same period until 2020, at least until, and we achieve those outcomes. In all of that, what's fundamental is that we've designed an Australian system to build on Australia's strengths and comparative advantages and I think that's extremely important. We've designed a system to build on Australia's strengths and comparative advantages as Tony says, our soils and our sun, but what we do here through the abatement fund, through the Emissions Reduction Fund, will offer the potential for clean-up in every sector.

As you'll see, we've calculated that there are more savings than we've needed in abatement. We've been very conservative. We've had it fully costed by Frontier and above all else, we've spoken with business, we've spoken with environment groups, we've spoken with individuals, we've spoken with academics, with think tanks and we've put together a system which we believe will deliver the lowest-cost abatement for Australia as opposed to a system which will cost \$114 billion between now and 2020 as opposed to a system that will cost \$16 billion alone in 2020 or \$11.5 billion alone in 2012-13.

So it's a simple system. It's credible and the last thing I'd say is prepare for the scare. The Government approached many of you last week with documents that were trumped up, they were wrong and they've been proven to be wrong. Prepare for the scare and they will try and make things up again.

TONY ABBOTT:

Warren?

WARREN TRUSS:

Well thank you, Tony and Greg. This certainly offers an exciting alternative to Labor's big new tax. What we'll be doing through direct action is actually delivering real carbon abatement measures probably greater than Labor will be able to achieve by 2020. Instead of fining people, instead of requiring people to purchase permits to pollute, we'll be taking direct action that actually delivers real results. Labor's never been able to explain how selling one another pieces of paper in a capital city buildings is going to lower the sea level. What we'll be doing is practical measures that people in the community can see, delivering real results and CO2 abatement measures in a practical way. We'll have a better environment and a more productive economy.

In regional Australia there are enormous opportunities. Clearly there's a lot of excitement in the farm sector about the potential of carbon sequestration in our soils, the use of some of the new technologies including biochar, but also biodegradable material within our soils to help build the fertility. We can do all these sorts of things and significantly abate carbon in the process. So we can have a more productive regional community that won't have to bear the extra costs of the massive new tax, that won't export jobs to other parts of the world and will not add significantly to the cost of people living in their own homes. Under our scheme, the price of food will not need to go up. The price of electricity won't not go up. Jobs won't be exported to manufacturing countries in other parts of the world. It's an effective programme of direct action in which all Australians can be involved.

QUESTION:

You told your colleagues today that the Australian community wasn't ready for a market-based system such as an ETS, do you think it will ever be ready and if you do, isn't this just treading water until then?

TONY ABBOTT:

This is a market-based system only it's a market system based on rewards, not penalties. We will go to the market and say give us your lowest cost environmental improvements and reductions in emissions. So this is a market-based system alright. It's just not the giant money-go-round market-based system that the Government wants to put in place.

QUESTION:

You accused the Government of going it alone with their approach to carbon reduction. Aren't you going it alone? I mean, no one else is doing this. Why aren't other countries adopting this kind of approach that you've laid out today?

TONY ABBOTT:

Well, Dennis, in fact, what we are proposing today is modelled quite closely on the New South Wales Labor Government's GGAS Scheme. Now, this has been in operation for quite a few years. It has been quite an effective scheme. It's got a lot of emissions reduction at comparatively modest costs and it was incidentally designed by Frontier Economics who are very happy with the scheme that we are putting up today.

QUESTION:

[inaudible]...that you'll fund this cap at \$1 billion but without a system that is all carrot and no stick, what do you do if you don't reach the target? Do you then have to spend more of taxpayer funds on that fund? How can you cap it and not adjust if you don't reach a target?

TONY ABBOTT:

There are various documents that will be made available to you in your packs from a whole range of credible bodies and individuals in this area telling us that they are quite confident that we can achieve very large levels of emissions reduction at prices in some cases below \$10 per tonne. So we think that our fund which builds up over the 10 year period is more than capable based on those representations that we've received from credible people in the field of getting us at least the 140 million tonnes of reduction that we need.

QUESTION:

[inaudible]...the \$1 billion comes from, Mr Abbott, for this fund and how it's cost-neutral?

TONY ABBOTT:

Let me just stress the point that Greg made. Our direct action scheme costs \$3.2 billion over the forward estimates period as opposed to Labor's \$40 billion money-go-round. Over the 10 years ours costs a little over \$10 billion as opposed to the \$114 billion money-go-round of Labor's ETS. So look, we have to find \$3.2 billion over four years. We will be upfront with you about where that money is coming from in good time before the next election but we think we can find it from the Budget. Let's face it, this is a Government which found \$17 billion for school halls out of the Budget. This is the greatest moral challenge of our time, Mr Rudd thinks, and I'm sure we're capable of finding \$3.2 billion out of the Budget.

QUESTION:

How can you guarantee or can you guarantee it won't blow-out in costs when there's no prescription on the amount of emissions, there's no cap on emissions. Can you guarantee that there won't be an increase in emissions over 20 years beyond what is modelled in this document?

TONY ABBOTT:

Well as I said, we have those letters of comfort, if you like, from various highly reputable bodies and individuals, one of whom in fact is a former Labor Treasurer of Queensland saying that they are confident that we can achieve very large quantities of emissions reduction at prices in some cases below \$10 a tonne. We have used an average price in our costings of \$15 a tonne and we think that based on these letters, which you'll all have access to, that's very conservative.

QUESTION:

Are you still committed to the higher emission reduction targets under the conditions that your predecessor signed up to and also under this policy, what constraint is there on emissions from the industrial sector, from the transport sector from all those other sectors and how can you be sure – this follows on from Phil's question – that they won't blow out while you're reducing agricultural emissions?

TONY ABBOTT:

Okay well, they have to stay within the baseline that has been established through the Government's existing greenhouse reporting systems, so they've got to stay within that baseline. If they go over that baseline, in consultation with industry, there will be a system of penalties. So we can stop them emitting more but business as usual is not going to penalise Australian business and that's why you don't have the balance sheet disasters and the solvency problems that so many very large and important businesses will suffer under Labor's great big tax.

QUESTION:

You're saying that electricity prices won't go up under the scheme?

TONY ABBOTT:

Our scheme will not cause electricity prices to go up.

QUESTION:

But if businesses such as generators get penalised for having above baseline or business as usual, they're not going to cop the penalty without passing it on to consumers...

TONY ABBOTT:

But look there's no reason why they should go above that. We've been talking to industry including groups like the BCA and ACCI and they are very happy with this in a very happy with this in many cases very unhappy with Labor's scheme. They don't believe that they are going to go above that baseline, they think that over time they are going to improve their emissions intensity, not increase their emissions intensity.

QUESTION:

Have you got direct BCA support?

TONY ABBOTT:

Well, I would invite you, Michelle, to talk to the BCA. Certainly, I might ask Greg to add to this. Greg has been in discussions with a very wide range of companies and bodies including the BCA and I think the view of the BCA has evolved quite rapidly over the last few months, but Greg you might want to add to that?

GREG HUNT:

I'll just add to that. We spoke with over 60 groups as I said or organisations, think tanks or others, with peak industry councils. They'll all speak for themselves but the general view has been very positive. Nobody has had all of the details so they will rightly want to examine, inspect, and we don't expect them to commit or embrace but the indications are that they are very interested and I believe that there is some evolution going on within some of the key industry groups in the country.

QUESTION:

The Government has also on the table a 15 and 25 per cent target. His costing is for a five per cent target as I read it. Do you still commit to reaching a 15 or 25 per cent target if the Government commits to that and have you costed those targets under this scheme?

TONY ABBOTT:

Well, there are very tight criteria that need to be met before we go beyond five per cent. But our commitment today is the same as it's always been and I challenge the Government to tell us how it would meet higher targets and once the Government has told the world that, well then we might be in a position to say how we might do it.

QUESTION:

If I can press you on the penalties issue. Electricity generation is going to grow substantially over the coming years. You've only got a certain amount of money in the bank to compensate if they do increase their emissions. How is this going to work and how can you not, how is it not that consumers would end up having to pay for costs that flow on to them because of their emissions growing?

TONY ABBOTT:

Well, I'm happy to have a go at that, but do you want to have a go at that?

GREG HUNT:

Yeah, sure. I'll have a go. There are two things here. Firstly, greenfields projects or expansionary projects which are improving capacity will be allowed to proceed and they'll be allowed to proceed of course. The economy will proceed. They won't get any penalty for going to new greenfields projects and they'll be benchmarked against industry best practice. Existing business will basically be benchmarked against themselves, their own business as usual. What's also important here is we have used the Government's figures or change in the economy, so the Government has predicted that our emissions will grow to 665 million tonnes before there's an emissions trading scheme. So if you take on board the renewable energy target and any other measures which are in place, the Government has said we'll go to 665 million tonnes. We have used their figures to allow growth in the economy and then we have said that we will purchase up to 140 million tonnes to get to the five per cent figure of 525 million tonnes and we build in provision that if we needed to be flexible for beyond that, we've got the reference to targets there.

TONY ABBOTT:

My understanding, if I could just add, is that what we are proposing here is very similar to a system that's been in place in Canada so we aren't inventing things, we aren't trying to, as it were, go out on radical tangents of our own here. What we are proposing is in a sense tried and tested already.

QUESTION:

Can you tell us if you believe there is a need to go beyond five per cent after 2020. What's your long term plan? Do you have long-term targets?

TONY ABBOTT:

We are announcing today a clear and effective climate change policy that will reduce emissions and improve the environment and meet our commitments. Don't ask us to do more than meet our current commitments. I think we've done pretty well today.

GREG HUNT:

There is a review mechanism in 2015, five years before the 2020 date, to take on board events in the rest of the world and progress in the rest of the world.

WARREN TRUSS:

And when you look at the documents we've given you, you will see that there is enormous potential for us to achieve more than five per cent with the measures we already have in place. There is potential for us to go significantly further on this blueprint.

Now, if in fact the world moves in a direction where there is an expectation that we're going to have much higher levels of emissions reduction and new measures have to be proposed the Government will also have to explain how they're going to increase their amount of emissions reduction. What has the Government got in mind? What they're talking about, all their plan is at the present time is a five per cent reduction. We're talking about a five per cent reduction except we do it for \$10 billion where they're proposing \$114 billion.

QUESTION:

All three of you were on the front bench in different variations when John Howard decided to take an ETS to the 2007 election. If this is such a good, simpler, more efficient, more effective system, why didn't you do it then?

TONY ABBOTT:

Dennis, everyone has moved on. The world has moved on, especially after Copenhagen. The only person who hasn't moved on is Kevin Rudd who is still stuck in the pre-Copenhagen world with a great big new tax that the rest of the world is not going to embrace.

QUESTION:

Mr Truss, just in terms of the policy that you've announced, you've said look, 20 million trees by 2020 which is a huge ramp up from what the planting levels are now. Can you guarantee that this will not affect arable land, farming land and that farm prices and food prices won't go up because of a mass planting?

WARREN TRUSS:

Well, we've all made a commitment that we'll be preserving Australia's productive farmlands and it is not our anticipation that these trees would be competing for good arable land or with our food production industries. Bear in mind that a lot of this is about urban forestry. You've heard the idea of burying underground electricity lines, for instance, establishing corridors which might be able to be used in urban environments for tree planting projects.

There are plenty of other places, including within farm plans, where farmers choose to plant trees and where they will want to continue to do that without having to encroach on the land that's so vital for ensuring our nation's food security, so I don't think there's any risk whatsoever of a proposal of this nature compromising in any way our nation's capacity to continue to supply food for Australians and indeed for much of the rest of the world. Indeed, this plan should improve Australia's soil productivity and our capacity to be a major food supplier to the world.

GREG HUNT:

Just to anticipate what the Government will say, 20 million trees we've calculated is, on a reasonable intensity basis, it's an area of 10 by 20 kilometres within Australia if it's intensive. If it's not so intensive it's 20 by 20 kilometres. I think the country can cope.

QUESTION:

[inaudible] and did Malcolm Turnbull endorse your ideas?

TONY ABBOTT:

Look, I'm going to let Malcolm speak for himself. He made, I think, an impressive and a thoughtful contribution to the party room but I'm not going to put words into his mouth here.

QUESTION:

Mr Abbott, is there anything in this policy that encourages big polluters to change their behaviour?

TONY ABBOTT:

There is an Emissions Reduction Fund that they can apply to and provided it does involve a reduction in emissions, provided it doesn't involve increased cost to consumers or net reductions in jobs there's no reason why we can't fund that.

QUESTION:

Mr Abbott, at the moment there are dirty power stations. You are saying that they can continue to be dirty and if they want to they can build another power station just as dirty. How does that reduce carbon production?

TONY ABBOTT:

Well, if I could offer my two bobs' worth on this one. Look, Greg in particular but also Andrew Robb have been in a lot of dialogue with some of these so-called dirty producers. We believe after discussion with them that yes, there is a great deal of potential under this fund to secure quite large reductions in their emissions.

GREG HUNT:

What I'll add to that, is that one of the large power companies has provided us with their advice, because it's commercial-in-confidence they didn't want it released but they provided us with their advice that they could convert from coal to gas for \$13 per tonne under this system. Now we want to check that, but let's be absolutely clear here that the oldest and least efficient of the power providers have said to us under the Government's ETS we're just not going to be able to afford the capital to transition because we will be struggling just to survive, because at the moment they're going to be paying but they've got this issue of struggling to survive, under this they've said if our balance sheets are clear and there's an incentive to change from coal to gas this is very attractive and we are more likely rather than less likely to change under this system.

WARREN TRUSS:

And just one final maybe minor point but our proposal doesn't allow someone to build a new coal fire powered fire station at worst practice. It's got to be best practice and so clearly there will be an advance in that regard anyhow.

GREG HUNT:

And that's exactly the same as the government.

QUESTION:

If this scheme can't achieve a 25 per cent reduction in emissions by 2020 aren't you banking on...

TONY ABBOTT:

Five per cent reduction.

QUESTION:

...So you are ruling out the 25 per cent reduction?

TONY ABBOTT:

No, no, this scheme is designed to meet our existing commitment which is a five per cent reduction. The same as the Government's existing commitment. Well, I mean the government hasn't told us what it will do and I think it's quite odd of people...well we think this scheme could be ramped up as well. Well, when the Government talks about what its cost will be then we might be in a position to talk to you about ours.

QUESTION:

Just to be clear, you are saying even if there was a higher target, you could do it through direct action, through direct spending and without any cost on carbon, any impost on business in that way?

TONY ABBOTT:

We are confident that our scheme that can be ramped up to meet higher targets if the conditions under which we set higher targets would be acceptable are met. Now, I'm far from confident that we are likely to be in that position but certainly in the event of that hypothetical coming to pass then we can deal with it.

QUESTION:

Isn't this policy just a case of the Government sitting there with a loaded bucket of cash and dolling it out to special interest groups. How are you going to ensure that the money is spent transparently, how are you going to ensure that people are achieving the targets they say they'll achieve in terms of reductions and how does this sit with the Liberal Party's underlying free market philosophy?

TONY ABBOTT:

As I said this is a market-based scheme but it's a market driven by incentives rather than penalties. I want to make that very, very clear: a market-based scheme but driven by incentives not penalties. Now the actual scheme will administered, the actual scheme will be administered by an expert body and we will establish that body in consultation with relevant stakeholders.

QUESTION:

Would business be able to access the Emissions Reduction Fund to build nuclear power stations?

TONY ABBOTT:

Well it is not our policy to build nuclear power stations and we have no proposals, we don't anticipate any proposals. The thing is that everyone knows right across the spectrum that perhaps the only way to generate base load power without emissions is nuclear. France gets something like 80 per cent of its energy from nuclear, other countries are going further down this path including America under Barack Obama but that is not our policy but we are happy to foster debate. As I said part of our policy is to foster debate and let's see what might come out of that debate.

QUESTION:

Mr Abbott, does this policy mean that you think its better that taxpayers are forced to foot the bill for cleaning up the country rather than the big polluters being forced to pay.

TONY ABBOTT:

We think that the bill should be lower and our bill is \$3.2 billion over the forward estimates as opposed to a \$40 billion churn and its just over \$10 billion over ten years as opposed to \$114 billion churn. In the end you've got to pay for a better environment, this is a better, simpler, cheaper, more effective way of paying for it.

QUESTION:

...which is a huge contributor to emissions in Australia, you're going to plant 20 million trees. What are you going to stop them being cut down in the first place?

TONY ABBOTT:

Well look, we are not proposing to change existing federal policies on that issue. I mean, you know, we would prefer to see high value timber, high environmental value timber preserved but we are not proposing any additional policies directly on the subject of land clearing.

QUESTION:

...Queensland Government moratorium on land clearing, that's in place at the moment.

TONY ABBOTT:

You're asking us now to go in to state issues.

QUESTION:

It goes to the national accounts of our green house gas emissions, its why we have two sets of accounting because land clearance contributes, deforestation contributes so much so, I'm surprised that you haven't enunciated any kind of position on that given the campaign that's going on with farmers and that your talking planting 20 million trees. What's the upside?

TONY ABBOTT:

The thing is that you know we are here providing incentives for good behaviour, for best environmental practice or for better environmental practice, that's what we are doing, we are providing incentives. Now, existing prohibitions on land clearing, we are not proposing to change in this particular policy.

WARREN TRUSS:

Can I add two things in response to that? Firstly our criticism of what the Queensland government did and what the protesters outside of Parliament are criticising is the fact that their rights were taken away from them without compensation. That's the issue about whether or not property rights or to include a right to manage the property as farmers saw fit and the Queensland government, and for that matter largely the New South Wales government, have taken away a right without paying any kind of compensation. By contrast the Liberal government in South Australia, when they limited vegetation clearing in South Australia did pay compensation to farmers and so that is the key issue that is of concern, the fact that property rights were not respected in that exercise.

The second point I'd like to make is that if you care to read the Garnaut Report, he emphasises very strongly the capacity for species such as mulga and mallee to be used for carbon sequestration activities in regional areas and that will always be in marginal areas. There is no competition when it comes to mulga and mallee

and the like from intensive agriculture and so there is enormous potential to use these marginal areas in Australia also to be a part of a comprehensive plan to address carbon abatement.

QUESTION:

I don't have a copy of the policy but you claim it is a market mechanism. I don't understand how, can you explain it briefly please?

TONY ABBOTT:

Well put it this way, let us suppose I want to build a bridge, I'm a government that wants to build a bridge. I call for tenders, I have various specifications, I probably have a funding envelope and the market response to that requirement and this is exactly the same. We are going to the market and saying to the market, give us your proposals for best practice, lowest cost emissions reduction that will improve the environment. It's exactly the same kind of concept.

QUESTION:

Your saying that your policies all carrot and no stick, but your saying at the same time that if a power station doesn't get below a baseline, a penalty will apply.

TONY ABBOTT:

That's current practice.

QUESTION:

Ok so you're not saying what the penalty would be, that will be sorted out with industry, you can't say its all carrot and no stick can you?

TONY ABBOTT:

Well, if business is usual does not involve any penalty.

QUESTION:

Do you think the idea of a population of 36 million is a good idea if you want to cut emissions, is it worth considering a lower population?

TONY ABBOTT:

Well look this is a problem for Mr Rudd, I mean Mr Rudd is the person who has repeatedly and regularly endorsed projections that Australia's population will be at 36 million by 2050. Now he is also the person who is evangelical in his approach to this issue of emissions reductions and I think that is a question that Mr Rudd really does have to explain. How can he deliver what he says he wants which is a 60 per cent reduction in total emissions by 2050 if the population is going to increase by over 50 per cent. This is a massive, massive per capita reduction in emissions which Mr Rudd presumably is committed to.

I think that we should not have a higher population that is not sustainable. Now I am in favour of a stronger Australia. I am in favour of an Australia which counts for more in the world, so I instinctively am in favour of more Australians. I love Australians that's why I'd like to see more Australians but its got to be sustainable and the problem is Mr Rudd has a plan for an extra 180,000 people a year for the next four decades but he does not have a plan for the infrastructure that will make that sustainable and he certainly doesn't have a plan for a 50 per cent reduction, a 60 per cent reduction in emissions with a population of 36 million.

QUESTION:

Can I get back to Paul's question and your bridge analogy, if the government is funding the bridge, it's a government mechanism, if it's a market mechanism doesn't the market fund the bridge?

TONY ABBOTT:

We are going to the market. We are asking the market to give us best practice, lowest cost solutions. We aren't regulating these emissions down, we are asking the market to come to us with all the creativity that we know the Australian market is capable of.

[ends]