

# Transcript

**KERRY O'BRIEN, PRESENTER:** When Julia Gillard became prime minister she particularly singled out three troubled policy areas for special attention, the mining tax, asylum seekers and climate change. In her first two weeks, she's directed a rewriting of policy on the tax and asylum seekers.

While she's been driving that process and selling the change, work has been going on behind the scenes to repackage Labor's climate change policy to recover an electoral haemorrhage after the Rudd government's u-turn on its proposed emissions trading scheme.

While it's unclear what changes the new prime minister might be considering, there are calls from all sides of the debate, including reserve bank board member and prominent economist professor Warwick Mckibbin, urging the Government to rethink or clarify its approach, especially on the question of a carbon price.

Political editor Heather Ewart reports.

**HEATHER EWART, REPORTER:** Julia Gillard is a woman in a hurry. In Darwin this morning, Brisbane this afternoon, Perth tomorrow, she's dealt with the mining tax issue, asylum seekers policy is ticked off the list. There's just one big item left to settle before an election is called: How to address climate change and the unceremonious dumping of the Government's Emissions Trading Scheme.

**JULIA GILLARD, PRIME MINISTER:** It is as disappointing to me as it is to millions of Australians that we do not have a price on carbon. And in the future we will need one. But first we will need to establish a community consensus for action.

**HEATHER EWART:** But exactly what does that mean and what's the timetable? From day one as prime minister, Julia Gillard declared she believed in climate change and that humans contributed to it. She knew full well Labor had been hurt badly by scrapping by the ETS, a decision she supported as a member of the Gang of Four.

Somehow, before the election, she wants to establish fresh credentials on climate policy.

**BOB BROWN, GREENS LEADER:** Well, I think the one thing we won't see her do is moving to establish a proper carbon price which is what business wants, which is what climate change demands if we're going to fix it.

**HEATHER RIDOUT, CHIEF EXECUTIVE, AUSTRALIAN INDUSTRY GROUP:** Well, I hope she comes up with something that's responsible, that protects the competitiveness of Australian industry, that doesn't put unduly prescriptive regulatory burdens on industry in the absence of a more, you know, comprehensive policy.

**PROFESSOR WARWICK MCKIBBIN, LOWY INSTITUTE:** I think it's important

politically for the Prime Minister to have a carbon policy, to have a policy that's based on prices for carbon, to have a policy that's got compensation, transparent compensation and that shows the Australian people that we are taking action on climate change.

TONY MOHR, AUSTRALIAN CONSERVATION FOUNDATION: It's vital for the Government to have a clear, constructive policy on climate change to take to this next election.

HEATHER EWART: But that may well be easier said than done. If months of debate and negotiation couldn't save the ETS last year, it's highly unlikely Julia Gillard can come up with a detailed replacement in time for the election. But she can offer broad signals.

BOB BROWN: She will and it'll be beautifully and somewhat deceptively presented as being the answer to climate change and showing that she's the answer on climate change. Let me say this, this is not green Julia. This is coal-led Julia.

TONY MOHR: After the next election it is very likely that the Greens will have the balance of power and that means that it's very important for the Government, whether it be a Labor or a Coalition government, to be really ready to negotiate with the Greens or any other independents to get across the line a scheme that will reduce greenhouse pollution in Australia.

We can't be seeing the political squabble that we saw in 2009.

PROFESSOR WARWICK MCKIBBIN: If the Greens have the balance of power, the problem you then have is that we may never reach a consensus because that swings the debate, which has been going from the extreme right to the extreme left, back to the left. And the answer to climate change is in the middle.

HEATHER EWART: Julia Gillard is big on finding middle ground, as shown in her compromise on the mining tax and her announcement on asylum seekers yesterday. But the dilemma she now faces is what's the middle ground on climate policy and is she handicapped by lack of action internationally?

PROFESSOR WARWICK MCKIBBIN: The problem we have in the current system is you have to have unanimous decisions in the UNFCCC process, that's the UN Framework Convention process. It's much better, I think, to get the major emitters together to talk about policies, to compare policies and to make commitments together, to start the process of reducing emissions.

HEATHER RIDOUT: And we're certainly not seeing an awful lot of action from the US. We see something from China and India but, you know, it's not really saying to Australian industry we should go and stick our necks out hugely on this issue when we're, you know, row boats in an ocean. So I think Australian business, whatever the Government does, has to take its cue from these international signals.

PROFESSOR WARWICK MCKIBBEN: Well, my strategy is to have a two part compliance mechanism: that the country should have a target but if it can demonstrate that the price of carbon in its economy had reached a predetermined maximum then they've complied with the policy even though they may exceed the annual emissions of that year.

HEATHER RIDOUT: I think everyone agrees that probably a carbon price is inevitable down the track, even the Opposition say 2015, they'll have another look at it. So I think what business wants is some direction and some confidence that we're doing the right thing.

HEATHER EWART: One option Julia Gillard has is to put the failed carbon pollution reduction legislation back on the table for discussion and variation.

PROFESSOR WARWICK MCKIBBEN: It can be done. It should be re-examined and I think there's a way to bring on both sides, the conservatives and the Greens into the political process again.

TONY MOHR: We do need to see a system put back on the table where business that are actually taking steps to reduce pollution, get a reward for that and companies that aren't pulling their fair share, well they actually do have to pay for a price on carbon. And we would expect the Government could bring that back and bring it in a lot faster than the 2013 timetable that was put forward before.

HEATHER EWART: There are other options too that Julia Gillard has already flagged.

JULIA GILLARD: It's my intention to lead a Government that does more to harness the wind and the sun and the new emerging technologies.

BOB BROWN: So what I think we may well see is baseload solar power stations, big new incentives for wind power, maybe a big new scheme for energy efficiency.

TONY MOHR: And we need to be looking at policies to help make that renewable energy cheaper and bring it on faster.

HEATHER EWART: The community's expectations of Julia Gillard in this area are high. As the opinion polls have so clearly demonstrated, voters want reassurance the Government is determined to act. At the very least the Prime Minister needs to present a broad picture of the Government's goals as she works her way through the minefield of diverse opinions on what course of action is best.

KERRY O'BRIEN: While she continues to juggle the existing minefields that are on her plate right now. Political editor, Heather Ewart.