



Transcript



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Item: **NATIONAL PRESS CLUB ADDRESS FEATURING BERNIE FRASER, CHAIR, CLIMATE CHANGE AUTHORITY.**

INTERVIEWEES: BERNIE FRASER, CHAIR, CLIMATE CHANGE AUTHORITY

Audience:	Male 16+ 2000	Female 16+ 0	All people 2000
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COMPERE: Ladies and gentlemen, a warm welcome to the National Press Club and today's special event, National Australia Bank Address. We've got a bit of echo here. As you know, our guest today is Bernie Fraser, chair of the Climate Change Authority, and his speech is entitled: Reflections on Climate Change Policy. With us today also is our speaker next week on Tuesday, the chief scientist, Ian Chubb, so we're looking forward to you next Tuesday as well. I'm told he's got plenty to say for our assembled media.

Anthea Harris, who is the CEO of the Climate Change Authority, welcome to you. My thanks to the ABC24 and SKY for taking today's telecast live and national. As I've already mentioned, Ian Chubb is here on Tuesday, and Martin Cross of Medicines Australia will be here on Wednesday. If you have a mobile phone would you be just kind enough to turn it off. And if you're really important, perhaps silent. All right. I'm turning mine off, okay. So there you go. I will be very grateful.



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We're going to be underway in about 30 seconds, and Laurie Wilson will be our moderator today. So good luck, Bernie, and good luck, Laurie.

LAURIE WILSON:

Ladies and gentlemen, welcome to the National Press Club for the second address this week, the National Australia Bank Address here in Canberra. Today we welcome the chair of the Climate Change Authority, and former governor of the Reserve Bank of Australia, Bernie Fraser. A fortnight ago, the authority released its report on reducing the nation's greenhouse gas emissions, calling for a significant increase on top of the current target of a five per cent cut in emissions by the end of the decade.

Less than a week later the Senate rejected the Government's bill to scrap the authority, but with the Government committed to abolishing the Climate Change Authority, its future does look highly uncertain at best. To discuss the climate change challenge facing Australia, would you please welcome the authority's chairman, Bernie Fraser.

[Applause]

BERNIE FRASER:

Well, thank you Laurie, and thank you for the opportunity to speak at this venue on what must be one of the longest-standing chat subjects of all time. People have been chatting about the weather for thousands of years, all the while aware that they can do nothing about it. We continue to talk a lot about the weather, but increasingly these days questions are



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being asked about what we can and should be doing about it.

These are big and important questions, which as a country and as a member of the global community, we have to take seriously. Much of my talk today really boils down to a plea for an informed and mature discussion of climate change and its policy implications. Good, expert and independent bodies help to promote such discussions, but I wanted it clear at the outset that this is not a plea, as such, for the Climate Change Authority.

The die, there seems to me to be cast already, and my remarks today will not read like a job application. But I should add at this point that while I'm out of the labour force - or virtually out of the labour force - that's not true of many of the - well, all the members of the very confident secretariat that we have, and of other members of the authority.

And while most of my remarks will be based very firmly on what is in the report that has been released, some of the remarks about the broader context of the reception of those recommendations are not remarks that are necessarily shared by all those still members of the - and hopefully long-standing members of the workforce. So I just wanted to make that clear.

I should also declare I am not out to scare the pants off anybody here of the horrendous consequences of climate change, and I don't want to insult your intelligence with suggestions that climate change is a



load of crap. Neither of these approaches really works. Both are devoid of balance and maturity, and do nothing to advance the course of truth and understanding of climate change.

We have to start with the science of climate change, and I want to say a fair bit about that, because that is ultimately what today's debate is all about. If policy makers accept that science and its implications, you would expect them to follow through with appropriate actions. If they don't accept the science and have sufficient like-minded supporters to carry the day, then debates about whether, for example, action should be taken through a price on carbon paid for by the emitters and their customers, or through an emissions reduction fund financed by taxpayers, those kinds of debates and discussions really become irrelevant.

Arguably, the most indefensible position of all - certainly the least defensible position of all - is that of policymakers who profess to accept the science but are not prepared to follow through with appropriate actions, and I fear that Australia is in danger of moving in that direction. I'm not a scientist, but I have tremendous respect for good scientists. As a profession, they are more conscientious in pursuing the truth than many other professions, including economists, and I would say including journalists and politicians as well.

Maybe there's something innate to people who want to be good scientists that help them in this regard. I don't know the answer to that, but I do know that they



are helped in their endeavours by the rigours of the processes that they carry out; by the peer reviews that they go through; and by the caution that they express in presenting their findings. These findings, for example, are rarely expressed as absolute truths, and quite often they're couched in terms of probabilities.

In simple terms, mainstream climate science is telling us a number of things, and just let me list what I think are the main things. First, human activities like burning fossil fuels and land clearing, account for virtually all of the increase in greenhouse gas concentrations on the planet. Secondly, about half of this increase stays in the atmosphere and can do so for considerable periods of time. The other half goes into the land and into the oceans. Thirdly, the build-up of greenhouse gases in the lower atmosphere reduces heat loss from the earth, resulting in rising global temperatures.

They I think are the - for a non-scientist anyhow -the key points that in summary form discuss what has been going on in the science. And I think the main take-away from all that is that mainstream climate scientists are 95 per cent confident that human activities are responsible for the bulk of global warming that has been observed over many decades now.

Another way of thinking about what is going on out there - and you have to think about this against the background of the 2000 billion tonnes of human-induced carbon dioxide that's been emitted into the atmosphere over the last 150 years or so, and which is continuing at about 50 billion tonnes of greenhouse



gases annually - against that background you can think about asking what the future levels of global emissions would be to be consistent with avoiding dangerous increases in temperatures.

On dangerous increases in temperature, countries around the world - including Australia - have identified any increase above two degrees Celsius, compared with pre-industrial levels, as getting into the dangerous category. Now, from those estimates scientists can tell us that the amount of global emissions, or budgets, that are consistent with not breaching that two degrees goal, and they can do that for various different levels of confidence.

For example, a two in three chance of staying within that two degrees Celsius increase would be consistent with greenhouse gas emissions between 2000 and 2050 with a budget of about 1700 billion tonnes in CO₂-equivalent terms. A higher probability, if you wanted to improve the chances of staying within the up to two per cent increase, beyond the two and three chance, a 67 per cent probability, you would need to have - or need to be working with a lower global budget than the one I've just mentioned.

I think this is a pretty helpful policy framework, and the budgets in question in some ways are potentially much more significant than those other budgets which sometimes cause a good deal of excitement. We usually blow those budgets in one way or another, but the consequences of blowing this one in a very serious way could be quite dramatic. To indicate the



magnitude and the urgency of the challenge facing climate change policymakers is that this is 67 degree probability case just mentioned, the amount of budget consistent with that probability has already been used up to the extent of one-third, although we are only a quarter through that 2000 to 2050 period.

I've referred several times to the mainstream science of climate change, and I should perhaps be clear what I have in mind here. I would say that it's a very broad stream. Several surveys indicate that over 95 per cent of active, publishing climate scientists support the climate science that I've been trying to summarise, and I've outlined for you a moment ago.

Ian Chubb, who I'm happy to say is here and also a member of the authority, remarked the other day at the release of our latest report that the science behind climate change had to be one of the most heavily scrutinised areas of science he had ever experienced. He added that the overwhelming bulk of that science had stood the test of that scrutiny.

The authority accepts this mainstream science on climate change. It's the main driver of the authority's recommendations, along with judgments and assessments of the policies of other countries and what the costs of different actions might be. Before turning to those recommendations, I would mention that in the report there is a whole chapter devoted to the science of climate change, and to the impacts of that climate change, and I would recommend that to people to follow up if they are interested in it,



including the impacts of climate change that are observable to this time.

And on that point, we are halfway towards this increase of two degrees, this target of holding temperatures to less than two degrees over the period. We're halfway there now, but already there are some signs of temperature and other changes in Australia and elsewhere, on land and in the oceans, which are consistent with what the climate science would suggest and which are impacting in diverse ways on communities, including, for example, increased severity of bushfires and coastal erosion, but lots of other impacts as well that are detailed in this particular chapter that I referred to.

The material in that chapter is very consistent with, and in fact draws heavily upon, the valuable data published regularly by the CSIRO and the Bureau of Meteorology on the state of the climate. And in their own way, and consistent with what I was saying before about good scientists, scientists are beavering away at this time to test possible linkages between these recent extreme events and the change in the greenhouse emissions attributable to human activities.

The main recommendation in the report is that Australia should target a minimum 15 per cent reduction in greenhouse gas emissions in 2020, compared to what the levels were in 2000. It's quite a step up from the present minimum target of a five per cent reduction, but we believe it is credible and



desirable in terms of the science, which the present target is not.

It's also more in line with the reductions in emissions being targeted in the United States and several other countries that we like to compare ourselves with. And importantly, it helps to avoid the need for improbably large reductions in the post-2020 period. And even with the 2020 target that we've recommended, even assuming that that were to be adopted and achieved, the authority is still pointing to the need to make further reductions; reductions of between 40 and 60 per cent compared with 2000 levels by 2030, so it's a continuing and serious ongoing challenge to reduce emissions.

These recommended reductions are broadly consistent with Australia staying within its fair share of this global budget that I talked about earlier on, that's intended to keep the increase in temperatures below the two degree crossover point. Our fair share is calculated, and the details are in the report, at about one per cent of this global emissions budget. And what we've recommended in terms of the 2020 target and the guidance that we've provided for possible targets, or a range for 2030, is consistent with us doing our share of that global budget for emissions.

Climate change is a very long-term phenomenon, and a policy arising to match. This means being reliant on modelling exercises, and inevitably there are going to be considerable variations and volatility in what those models turn out. To help manage these risks, the



authority has recommended that the key variables - the targets that we're setting for 2020, the trajectory ranges that we're setting for 2030, these emission budgets, national and global, I've talked about - we're recommending that to manage the risks of modelling, you should do these reviews of these particular variables.

And the whole scene should do this at regular intervals, and we've suggested a minimum of every five years, and that in the course of those reviews regard be had to developments in the climate science, in what other countries are doing, and to other relevant factors, including the costs of pursuing the recommendations.

Another recommendation is that some credits which have accrued under the Kyoto Protocol from earlier in the century be carried forward and applied to extend the minimum 15 per cent target for 2020 to an effective target of 19 per cent.

There are two other recommendations that I might touch upon briefly. The report focuses, as it's required to, on what the targets for reducing emissions should be rather than on the ways to achieve or pursue those targets.

Now, in practice you can't totally divorce these things, and we have necessarily given some thought to how the targets might be pursued, the instruments that might be available to pursue those, to have a judgment about their credibility and practicability and so on.



So even though we haven't gone into the details of the particular measures, we have made a couple of general points that I will just touch upon briefly. The first one is that, given the complexity and urgency of the climate change challenge, we should have as many as possible instruments available, or tools in the toolkit, if you like, that can be drawn upon to meet this challenge.

And these things, these tools can be market-orientated - prices, for example, on carbon and other things of a market kind, emissions trading schemes. They can be non-market things; standards, regulations and so on. But the important thing is that to have the best chance of meeting these challenges in a cost-effective way, you need to have a wide range of instruments to draw upon.

We have identified in the report a number of sectors of the economy where there are potential opportunities to achieve emission reductions that we think are worth pursuing, and we've singled out one particular one at this time that we've suggested, we've actually recommended that the Government should give consideration to.

And that's the early introduction of CO₂ emissions standards for light motor vehicles. Most countries around the world have these standards. They can help in reducing emissions over time as the fleets change. They can also have personal benefits in terms of lower running costs.



It seems a piece of easy or low-hanging fruit, really, and we've recommended that the Government give consideration to moving quickly on that. And the fact that we're running out of motor vehicle production facilities in this country might make that just a little bit easier for the Government to follow through on in that particular case.

The second point to mention in this broad context is the choice or balance that needs to be struck in pursuing reductions in omissions, the balance between reliance on domestic mitigation and the extent to which we need to draw upon the purchase of international emission reductions to make up the target.

There's clearly a lot to be said for doing as much as you can domestically, because in the process of doing that you're developing industries and skills that in the long-term are going to have quite a value attached to them.

Because if you believe as I do, for example, that we are transitioning to a low carbon economy globally and that we need to be able to fit in and compete with that, we should be making the transformation towards that now.

And the process of pursuing emissions through domestic actions would certainly help in that regard and provide investment opportunities, export opportunities, and of course, jobs. And there are already quite a lot of signs of that happening with the



renewable energy activities that have been pursued in recent years.

The problem so far as the 2020 target is concerned that it's not long to 2020, and a lot of these domestic mitigation processes require time to design, for the investments to be implemented, and for the results to start flowing through.

And even with the most favourable environment for pursuing long-term investments in renewable energy, in more efficient arrangements and modernising arrangements in buildings and houses and those kinds of things, most of those things, particularly the bigger things, are going to take quite a long time to put in place, even in a favourable environment, which is not necessarily what exists at this time given the uncertainty about some of these things, would take time.

So we think we should be pursuing the 2020 target. But that means, so far as that near target is concerned, that to get there we will have to rely quite significantly on purchases of international emission reductions.

We think that an appropriate thing to be doing at this time, it's very cost-effective, there are genuine emission reduction permits out there that can be purchased at very low costs, and which would go towards achieving this 2020 target of 19 per cent reduction on the year 2000.



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So we think it makes sense, and from a global perspective - and we're talking about a global problem here - it doesn't really make a great deal of difference whether those emission reductions occur in Australia or somewhere else, from a global perspective.

There are those points I mentioned earlier about domestic benefits that would flow from being able to do this, provided we could do it in a timely way and provided, of course, we can do it in a cost effective way. But at this point in time, the purchase of international permits is a sensible, cost-effective way of complementing domestic actions and achieving that 2020 target.

There are some figures in the report that indicate that, given the low cost of what are quite genuine emission reductions that can be purchased at the present time, that these could be purchased and contribute to the achievement of the 2020 target by the Government purchasing these or setting up a fund, as the Norwegians have done, for example, to achieve the - well, to complement the domestic actions to get to the target. The cost of this would depend upon the cost of the permits.

We have provided two numbers, a bit over 200 million, assuming a price of 50 cents per unit, and a higher figure of about 850 million of that order, assuming a price of \$2 a unit. At the present time, these units are priced at under \$1. So that's the sort of main recommendations in the report that I wanted to draw attention to here.



I want to get now to some of the reactions to the report. And here I would repeat the comment that I made earlier on that, these are comments that I personally feel strongly about, but they're not comments that I have specifically discussed with members of the authority or the secretariat of the authority, and that while I don't believe they're necessarily inconsistent with what I've heard from the deliberations around the authority table over the last period of time, they might not necessarily share all the sentiments or the manner in which they're expressed, so I just ask you to bear that in mind.

Now, in general terms, reactions to the authority's recommendations have been predictable, but on the whole, I would have to say that they haven't been particularly encouraging. I will ignore those people who have commented who deserve to be ignored who aren't really interested in what I've been talking about, the need for an informed and mature discussion, so we will pass over those few people and turn to the business reactions.

These have been mixed. We know from discussions and the consultations that we have with people in the course of doing our work that there are lots of people, many smaller business people out there who accept the science and who support active policies to reduce emissions, but these people, while they're numerous, they're often shouted out by larger companies and I have to say particularly in the mining industry and the industry associations that represent these people, and



these groups are mostly I think it's fair to say hostile to the report.

Any toughening of the 2020 emissions target, they assert, will have dire consequences for Australian jobs and exports, as would in their view, retention of the RET, the renewable energy target, in its present form and, of course, retention of the price on carbon. Such assertiveness is not new. It's embedded in the self-interest of the protagonist, really, but what is perhaps new is the scale and brazenness of the campaigns waged against, for example, the mining tax and the price on carbon in recent years.

The previous government's design and execution of these two particular measures left quite a lot to be desired, but it is doubtful, at least in my mind, whether the lobbying campaigns would have been any less strident if more considered proposals had been tabled. Now, while it might be unpalatable at times, I think it is understandable and one has to accept that businesses will always act to advance their own interests ahead of community interests, the latter are not their responsibility. It's the Government's job to protect community interests, and every politician pledges to do just that in the lead-up to every election campaign that I have heard.

As noted earlier, climate change is bringing major social, economic and environmental challenges for communities in Australia and elsewhere. It's therefore a concern, certainly to me, that while the Government professes to accept the science of climate change, the



indications are that it is unlikely to back that acceptance with appropriate actions. It's really - again, my words, I think it's really lightening rather than adding to that policy tool kit that I referred to earlier on.

The price on carbon is to go, the RET is to be reviewed and is possibly headed for a downgrade. Many aspects of the direct action plan, the Emissions Reduction Fund being the core of it, remain to be clarified, but what has been made clear is that the scale of that effort, the Emissions Reduction Fund, the scale of that, what it can do, will be determined primarily by short term budgetary considerations, not by considerations related to climate science.

It seems clear to me that in the area of climate change policy, the Government is backing in business interests and big business interests for the most part ahead of community interests. Its assertiveness in its ongoing campaign to demonise the price on carbon would actually rival in my view the Mining Council's tirade against the mining tax.

In this age of assertion rather than reason - in this age of assertion and with the current alignment of business and government interests, the debate on climate change in Australia seems destined to be lopsided for some time to come. I think this is a grim prospect and is certainly not one we need.

As I have said several times during the course of this discussion, what I believe we need is an informed and



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mature dialogue which is a necessary precursor to building a broad political and community consensus for climate change policies.

In short, we need a transformation of current attitudes to get in step with the transformation now underway towards a low carbon world, and with all the opportunities - and we sometimes forget the opportunities - as well as the challenges that will go with that transformation.

Now, is this change likely? Well, I think that's for - a matter for governments of the day to take an initiatives of the kind that I'm talking about, about trying to initiate to turn over a new leaf, to get started a genuinely neutral, broad-based, open-minded, mature discussion of these things. Governments have to take these initiatives, really. They're such important players. You can't rely upon the market to deliver cleaner environments and to meet emission reduction targets, and those things. They're things that governments have to do.

So it really seems to me that it should be in the interests of governments to try to bring about, initiate, engineer a more informed and more mature discussion of these issues and not carry on with the kinds of assertiveness on - all around the place on these issues. But for governments to take this kind of initiative, I think they have to believe in change that is built upon informed debate and on broad community consensus. As to whether things will change, let's see what the weather brings.



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Thank you.

[Applause]

LAURIE WILSON:

Mr Fraser, thank you very much for that. As you're well aware, it's now time for questions from our media. We've got quite a number of media who want to ask questions today and we're starting with Laura Tingle.

QUESTION:

Thank you, Mr Fraser. Feeling a bit like somebody listening to Winston Churchill in his [indistinct].

[Laughter]

QUESTION:

I'm wondering when the [indistinct]...

LAURIE WILSON:

Bring another microphone. We might be having trouble with that one. Laura, just try this one. Thank you.

QUESTION:

Just taking up your point at the end of the speech and what will force a change, I'm just wondering whether you can look a little bit into your forecasting globe and contemplate what sort of pressures might actually produce a change. Not necessarily in a political environment, but do you think we'll get to a stage where it is actually in businesses' interest to change its view and its lobbying of government or do you think that pressures from overseas will actually create a competitive situation that requires government in Australia to change or does it ultimately rely on politicians in Australia taking a different view to the one they've got at the moment?



BERNIE FRASER:

The latter is obviously part of the story, I think, but maybe the picture's not quite as black as I painted it in those latter remarks. There are, and will continue to be, a lot of good work done on the impact of climate change, and I referred to the CSIRO and the Bureau of Meteorology, who do tremendous work, they'll continue to do that. The universities good work. Some of them do work related to the impacts of climate change.

So that work will go ahead and there are other non-government funded bodies in the climate change area who will continue to flourish and prosper and put out there inputs, one would hope. And, as you mentioned, there's a lot of work being done overseas and those channels that I've already touched upon will be tapping into that work and relaying it here.

The problem that I've touched upon is the - the puzzle and the problem really as to why the present government should be pursuing the opportunity to take advantage of expert, balanced, informed advice from independent bodies on climate change and actually help the government in coping with these changes. So in that sense, there is a need for the leopard to change its spots, really.

But the other thing that will cause change is these impacts of climate change, the recent extreme events of temperatures and bushfires and stresses of one kind or another that have been referred to, which scientists are now trying to test the linkage of those back to ongoing climate change, as that work continues and



people generally become more aware of these linkages, I think that one can expect pressures to emerge and for a more informed and more mature debate to occur without necessarily having the direct involvement of the government.

But all that's going to take time and time is of the essence here in way. The longer we delay getting into the swing of these kinds of changes and actually pursuing the opportunities that they bring as well, the more difficult and the more costly it's going to be down the track. I would hope that maybe businesses and the business sector will come to see those opportunities and begin to put some countervailing pressures on government, countervailing to those who rely upon mining fossil fuels.

And, in a way, it's relatively easy for governments to say, well, we've got all these resources in fossil fuels, we should take advantage of them and so on. That stance is easier to adopt than the more difficult one of seeking to restructure the rest of the economy to adjust to this structural change, this transformation that is already occurring and will go on occurring, and we run a risk, I think, of being left behind compared to the other countries who are not so diverted by having large fossil fuel resources to exploit.

But increasingly, one might think that there will be more pressure from sectors of the business community to see the opportunities that are being foregone and the extra costs that are building up to put pressure on the government that might cause the government to



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change its spots a bit and become more active in initiating and participating in an informed and balanced debate rather than continue with the assertive nature of positions that has been so common and so destructive to the emergence of any kind of political community consensus to this point.

LAURIE WILSON:

Our next question from Simon Grose.

QUESTION:

Simon Grose from Science Media. Speaking of informed debate, those of us who have informed ourselves in this debate over the years - for those of us who have, this is a crazy world. Every day we hear messages like yours, people putting the imperatives that you put. Your report shows some scenarios and global emissions at peak in the next five, seven years, and then there's a swift decline.

At the same time as we keep being informed in this area, we hear about how humans are getting better at finding and extracting fossil fuels, how they're finding and extracting more of them, and the projects they're putting in place have life spans of 30 years or so, and I informed myself and I see these contradictory sources of information and I can't reconcile them, Bernie. So could you tell me how you reconcile them.

BERNIE FRASER:

No, I can't fully. I'm puzzled by our reluctance to embrace the science despite its credentials and to be seized of the urgency of doing something, or at least starting the task. The reconciliation that one can make is that politicians, policy makers are concerned with just the short term and can't bring their minds, get



their minds around the longer term and the notion of pushing burdens of adjustment out to later years and future generations just doesn't really enter into their judgements, really, even though it should as custodians of communities, including well into the future.

But I think messages are occurring and you look around the world, I think China and the US and Europe and India account for the great bulk of emissions. They are taking these matters seriously and are putting in place arrangements to commission off old inefficient fossil fuelling, fossil burning generation facilities and that kind of thing, and that's not just China, the US is starting to do some of this.

And I suspect more is going to happen, but we seem to be - it's more puzzling, it's harder to reconcile here than in other countries. Apart from the time dimension that I've just referred to, I think the other part of the explanation is this endowment of fossil fuels that Australia has, and the pressure to exploit those to the maximum extent, and that pressure finding favour with the Government because of its more narrow focus or limited focus in a time stance.

It's that that in a way is most concerning that the longer term community interests are being overwhelmed by short term business interests, and apart from having active and credible sources of independent advice from not just the Climate Change Authority but several other bodies, that imbalance is going to be difficult to overturn, and the more so as these independent bodies disappear. So you're right,



there is a paradox there, and it's explainable in some ways but it's still puzzling that governments are not more active here.

LAURIE WILSON:

David Denham.

QUESTION:

David Denham from *Preview Magazine*. As you say the science of climate change is indisputable. But what we've got now it seems to me is a minority of climate change deniers, and self interest from one part of the business community driving the whole agenda here, and that's what's stopping action to reduce our carbon emissions and to stabilise the climate. So what do you think this says about our system of government and our democracy now when this sort of situation arises? And what are your thoughts on what should be done about it? It's not the same as the tobacco tax, because that is - tobacco link - because that affected everybody, and has affected them instantly. But we've got something more difficult here, I think. So could you tease that out a little bit please?

BERNIE FRASER:

Yes, a little bit. I think there's some very broad issues there. You know, one can sort of jump quickly to calibre of leadership, vision of leadership, ideological blocks of leadership, and I think all those things are there. The whole mindset, particularly at this time, is on economics, on getting the budget down, and keeping inflation under control, and creating jobs, even though a lot of the decisions are going in the other way. Being business orientated in everything we do, living within our means, and all those kinds of things.



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Some of these objectives are important. You know, it's important to create jobs and have employment and to have a reasonable handle on budget deficits and so on, so economic policies are important, but there seems very little recognition that the whole thrust of policy, the whole focus of governments, should be not just on economic policy, not getting the budget down or growing GDP, but it should be on having policies that in their totality will contribute to a better society, a more decent, a fairer society, a cleaner environment, a better situation for future generations to inherit, and so on.

Now they're not a prominent part of the ideology of the time frame of governments here, and in some other governments, some other countries, too, perhaps. But that's what needs to be changed, and apart from continuing to hammer away at those kinds of things - and, as you say, they tend to be whispers compared to the shouting that comes from big companies wanting to exploit resources, it's an ongoing conundrum.

LAURIE WILSON:

Sid Maher.

QUESTION:

Sid Maher from *The Australian*, Mr Fraser. To what do you attri... the failure of the Copenhagen climate change talks. How much has that contributed to the malaise in the current climate change debate, and how important are the talks in, I think, next year? The 2015 talks, where the next lot of binding targets come up? Could that provide the circuit breaker that you're



looking for in terms of firing up some new climate change policies?

BERNIE FRASER:

I hope it could, Sid. And there has been a bit of loss of momentum in advocating the course of climate change adjustment in recent years, in large part because the DFC took precedence over longer term concerns about climate change, but I think that that is changing. That momentum is swinging back towards a greater focus on climate change issues, and I mentioned the US, China, India, and in Europe too, now. This momentum is building up, and to the extent that domestic governments or this domestic government is influenced by what might be happening in other countries and then in international forums, there is the chance that that will help to put a bit more focus on policy here.

Come the meetings in, what, 2015, Australia will be expected to indicate whether it wants to go beyond its minimum commitment of minus five per cent for its 2020 target and to make some positions clearer about post-2020. So those meetings in themselves are kinds of pressures for the Government to think some more about those issues and what it might do, to the extent it would want to be listened to in those forums and to have some influence on this matter in a circumstance where other big players are likely to be moving more actively than they have in recent years. So there might be some change. One would hope that there might be that flow on effect.



LAURIE WILSON:

Right. Next question. We've got a few still to get through, so if you could keep the questions as tight as possible. Nick Perry.

QUESTION:

Nick Perry, Australian Associated Press. Just on the issue of the, I guess, the noise coming from some business and mining groups, and also how that impacts on the debate, I was wondering if I could sort of get you to sort of flesh out perhaps some changes that could be made by those advocating for climate change.

Are there steps that organisations in that realm could be taking to sort of better prosecute the message, I suppose, to the general public? Even this week UN Climate Chief Christiana Figueres said there should be less use of, she coined, weirdo words, in describing climate change. Is there a way that perhaps there could be a clearer and stronger focus, and what could that possibly be?

BERNIE FRASER:

There might be, I can't - I don't have any specific ideas other than a hope, really, that those forces for wanting a better informed and more mature debate will continue to express those wishes, and that they will build up to the point where they can't be ignored. It would be nice to think that the big companies that are involved in coal mining and electricity and gas and other activities of that kind might also see that they too should be contemplating some adjustments over the period ahead and give some thought to how those kinds of transformations and structural changes might most effectively be pursued would become more willing participants in this kind of debate that I keep



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saying we need to have. But I think to get that process started, the Government has to be serious about wanting to have that process, wanting to hear more balanced, more mature commentary about climate change and policies to deal with it.

LAURIE WILSON:

Lisa Cox.

QUESTION:

Lisa Cox from the *Sydney Morning Herald*. I'm interested to hear your thoughts on direct action policy. Specifically what do you think the costs of implementing that policy will be, and do you agree with Ross Garnaut's assessment that they'll be closer to four billion over the next five years?

BERNIE FRASER:

I can't really help you there. We haven't. It's not our remit, and we're not in a position to make any definitive assessments of the cost. There's just so many details of the Emissions Reduction Fund that haven't been clarified yet to even begin a meaningful assessment of costs in our view. Maybe the White Paper when it comes out next month will be helpful in filling in some of those gaps, but to me the most concerning point about it is the one that I mentioned: whatever the precise level cost might be, it's going to be determined by budgetary considerations rather than the pursuit of any particular - particularly an ambitious reductions target for 2020.

LAURIE WILSON:

Andrew Tillett.

QUESTION:

Andrew Tillett from *The West Australian* newspaper, Mr Fraser. I just want to move away from the climate



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change debate for a moment and ask you about some comments that Ken Henry made last night about the rather abrupt dismissal of his successor as secretary, Treasury Secretary Martin Parkinson. As a former secretary of treasury yourself, I wonder what your thoughts were on the rather hasty sacking of Dr Parkinson?

BERNIE FRASER:

I didn't hear what Ken said, but he would have been much better informed than I am. I haven't been near the Treasury for 25 years.

LAURIE WILSON:

I'll take that as the answer.

Deb Nesbitt.

QUESTION:

Hi. Deb Nesbitt. I edit Carbon Extra for Thomson Reuters. I'm also going to paraphrase Ken Henry, who said last night that tackling greenhouse gas emissions through any mechanism other than an ETS will necessarily be more damaging to the Australian economy. Would you agree with that? It sounds like you might. And if so, how would this economy be more damaged if we dropped the carbon pricing mechanism?

BERNIE FRASER:

Well, as I said, I think we should have a tool kit of all kinds of measures and market measures and an ETS and a price on carbon are things that I would have very close to the top of that toolkit. These are arrangements that are quite in vogue around several other countries and in states in several other countries, states in the US and provinces being pilot testing some of these things.



It's one case where I think the market does or can work and it's likely to be an efficient mechanism so it should be there.

Whether it's more costly or not depends on what the alternatives are, but there are non-market things that should be done as well and, again, I come back to this point, you know, let's use whatever we can that will help market, non-market, and have regard to which are the most cost effective ones.

LAURIE WILSON:

We're getting close to time, but I would like to take the final questions from our working press table. The first of those is from Peter Martin.

QUESTION:

Thank you. G'day. Peter Martin, The Age. Mr Fraser, you say we need a toolkit, you've listed the elements in the kit. The Coalition is either hostile or not demonstrably keen on each one of them. We've got the emissions trading, the renewable energy target, a properly funded emissions reduction fund, and the purchase of overseas emissions. I want to ask about that last one because before the election, the present Prime Minister was saying - he was presenting it almost as a moral issue. He was saying we should allow other countries to do the work for us. Why should we get them to do something we can't?

Now, I know as an economist you have a perspective on that which is probably quite different. Why should we allow other countries to do the work for us? Why is it a defensible position in your view to buy their work on reducing their emissions?



BERNIE FRASER:

Very briefly, because those emissions contribute to the global task of reducing emissions and while it's nice and I'm an advocate of doing as much as we can domestically, but provided we can do it in a cost effective way, and, as I said, at the moment we just can't do it. Whether we could do it cost effectively or not, we just don't have the investments and the environment to be undertaking lots of investments to do these things. So it makes good sense from everyone's perspective to compliment domestic action with purchases of permits.

And over time, as we become more able to do things domestically in a cost effective way, let the balance swing that way, but lots of other countries have - well, some other countries have government funds that purchase these kinds of emissions and help the global cause and the countries where the emission reductions are occurring in different ways.

LAURIE WILSON:

Final question today from Joanna Heath.

QUESTION:

Joanna Heath from the Financial Review. If I could ask you to turn your mind back slightly to your time as Governor of the Reserve Bank of Australia, this morning we had jobs figures that showed job creation at a two year high and that follows a few other positive signals, like retail sales we had recently. Do you think it's too early to say that the economy is turning a corner, and if so, are keeping interest rates at their super low level at the moment, is that still appropriate?



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BERNIE FRASER:

It's about 15 years since I've been near the Reserve Bank, so I think the Reserve Bank's doing a pretty good job. I would be confident in their judgements and their weighing up of all these indicators.

LAURIE WILSON:

Let's finish on that note. Thank you very much, Bernie Fraser.

[Applause]

LAURIE WILSON:

It's been a pleasure to have you back in the Press Club. It's been a while, but, of course, this is not the first time you've addressed the club and possibly it may not be the last, depending or perhaps regardless of what occurs with your organisation. So thank you very much again, Bernie Fraser. It's been a great opportunity to have you back.

[Applause]

* * END * *

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