



**SENATOR THE HON PENNY WONG  
MINISTER FOR FINANCE AND DEREGULATION  
LEADER OF THE GOVERNMENT IN THE SENATE**

**TRANSCRIPT**

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**TRANSCRIPT OF INTERVIEW – 891 ABC BREAKFAST WITH MATTHEW ABRAHAM  
AND DAVID BEVAN**

**SUBJECT: ECONOMY; BUDGET; CARBON PRICE**

**E & O E – PROOF ONLY**

**BEVAN:** Penny Wong – the Federal Finance Minister and Leader in the Senate now – good morning.

**WONG:** Good morning, good to be with you.

**BEVAN:** ...and welcome to the 891 studio.

**WONG:** It's good to be here – a bit chilly outside...

**BEVAN:** A bit chilly outside...

**WONG:** ...a bit windy...

**BEVAN:** The Reserve Bank Governor, Glenn Stevens, has reinforced the importance of getting the Budget back into surplus. But he's also reinforced the importance of having consistent policies...

**WONG:** Yeah, it was a very good speech actually –

**BEVAN:** A timely message for your Government...

**WONG:** We're a Government that has taken an enormous number of savings over the last few years to continue to ensure we have a strong budget. And that's why Australia is one of only eight countries in the world that has a AAA credit rating from all of the three international credit rating agencies.

But I think the Governor is making a very important point – and it's a point the Government's been making as well – that we have an economy that is changing. We've got the largest investment boom the country's ever seen that will come off and we need to

manage the economy through this transition. And he's saying that part of that is making sure you have sound fiscal policy. And he does make the point that you do see that in the Australian political system.

**BEVAN:** Is he also sending a message regarding the carbon tax? It's well known that the Government is reviewing the carbon tax, and whether or not to go to a shifting price, and if you do that that's going to have big implications for your budget. He's saying what business needs is a consistent line, no more changes thanks very much... maybe not specifically on that but just generally in policy, can you please deliver some consistency here. And you need to get your budget in surplus...

**WONG:** He's saying that you have to have a strong fiscal position, and we do. On the carbon price, you're right – business certainty is important. Which is also why Tony Abbott's position of, should he be elected, abolishing a price that's already been factored in by businesses across the economy and turning to a taxpayer-funded, Canberra-run scheme to reduce pollution I don't think it's a smart economic move and it will cost Australians more.

But I think the Governor's right. We've got to make sure we've got a strong budget. That's why the Government has taken billions and billions of dollars in savings to reflect the fact that the tax take is less. Now, I know listeners out there would say, 'No, no, we're always paying more tax', but the reality is we are taxing less as a share of the economy than Peter Costello did.

**BEVAN:** But if you dump the carbon tax and go to a floating price that's going to have a huge impact, isn't it?

**WONG:** I think you spoke to Mark [Butler] about that as well and he made the very important point – which, as Finance Minister, I'm very glad he reiterated – that if we were to consider any changes in any policy area it has to be consistent with our approach to budgeting, which is you've got to make sure you offset new spending decisions and you continue to return the budget to surplus over the economic cycle.

**BEVAN:** What are the numbers that you would have to consider if you dropped the carbon tax and went to a floating price?

**WONG:** Well –

**BEVAN:** No, I'm not asking you what you're going to do, Minister. These are just basic facts. I'm not asking for an opinion, I'm not asking you to forecast what you're doing. This is a basic policy question. If you dropped the carbon tax and go to a floating price, what would be the budget impact?

**WONG:** Well, I'm afraid that would depend. So, you're not going to get a single number from me. It would depend what you anticipated the market price to be, it would depend what offsetting –

**BEVAN:** Alright, today.

**WONG:** It would depend what offsetting savings you would put in place. Now, you might recall, we actually did reflect some change in the carbon price – in the floating price period – in the Budget and so we had to make some savings decisions around that...

**BEVAN:** No, no, I'm not asking you what savings you would have to make to offset it. Just that simple equation so we know what you would have to think about in terms of savings – what would the simple effect be of going from a carbon tax to a floating price?

**WONG:** Well, I'm sorry David –

**BEVAN:** Given the current price –

**WONG:** I can't give you a single figure. And, when you say 'given the current price', what Treasury needs to always look at is forward pricing and make an assessment about where forward pricing would go. So, it's not a situation of a simple arithmetic decision. You'd have to look at what is the policy framework, how would you transition down –

**BEVAN:** You'd have some scenarios?

**WONG:** We would have some scenarios and we are not –

**BEVAN:** That's all I'm asking...

**WONG:** We are not at that point, so I'm not going to –

**BEVAN:** You haven't got any scenarios?

**WONG:** David, I know that you would like me to do this, but, as the Finance Minister, as soon as I say, 'well, this might be a scenario' – not that I have one in my head particularly – but you know what would happen, and that wouldn't be a responsible thing for a Finance Minister to do.

**BEVAN:** You've changed Leaders. You've changed from an emissions trading scheme – you've said it was the greatest moral challenge. Then you've –

**WONG:** I don't agree with that...

**BEVAN:** ... You said we wouldn't have a carbon tax then we did get a carbon tax. Is there anything you won't do to hold onto power? That's the question...

**WONG:** I don't accept the way you've phrased the question. We are moving to an emissions trading scheme – the only design difference between this scheme and the scheme I tried to get through the Parliament twice – and Tony Abbott and the Greens voted against it to stop it – is the period of time you have a fixed price. So, the current system does transition to a floating price, it's just we have three years of a fixed price whereas the proposition I put on the table had a shorter period.

**BEVAN:** You've dismantled the offshore processing of asylum seekers and then you tried to outsource it to Malaysia. Now, you're trying to toughen the treatment of asylum seekers. Again, is there anything that you're not prepared to do in order to hold onto Government?

**WONG:** Well, a couple of things I would say – I can talk about asylum seekers if you want – but I don't agree with what you're imputing about intention. I think this Government has done some very, very good things. Of course we've made some mistakes, every Government does. But we've seen pensioners are getting more than they ever have previously because of this Government. We will see more superannuation for millions of working people. Everyone under \$80,000 is paying less tax as a result of our tax changes. We're rolling out the NBN.

Now, these are the important things for the nation. You don't go into politics just to hold onto power. You go into politics because you want to do the right thing for the country. Now, we might disagree...

**BEVAN:** But you're prepared to do so much to hold onto power...

**WONG:** David, you might disagree with what our policies are, I accept that –

**BEVAN:** No, I'm not saying they're good, bad or indifferent. I'm just saying you change them so often – on carbon, and on asylum seekers and on Leaders. And you've done each one of those things, not for policy reasons, but in order to hold onto power.

**WONG:** Well, what I was saying is: you don't go into politics just for reasons of power. You go into politics because you want to try and do the right thing for the nation. Now, politicians may have different views about what those things are, but that's the motivation.

Asylum seekers is a tough area of policy and I think the Prime Minister – and I didn't see Lateline last night, but I understand Tony Burke, who is the Immigration Minister, was on as well – and the reality is the global circumstances have shifted.

**BEVAN:** Have you ever in the last –

**WONG:** Can I... if I could finish my response...

**BEVAN:** Well, we've only got a minute...

**WONG:** You asked me a question, I'm responding to it. It is true global circumstances have shifted. And it's true that we were slower to respond, in hindsight, than we should have been to those changes of those circumstances and the Prime Minister said that last night. But I would make this point: it's a complex area with millions of people moving. 'Stop the boats' is a slogan, it is not a policy.

**BEVAN:** Have you ever in the last three years thought to yourself: 'I will not compromise on this particular policy; I'd rather be in Opposition quite frankly'. Can you think of one example where you've sat back and thought in these great debates, 'No, there is a line I will not cross? Send me to Opposition rather than compromise on this'. Can you think of one thing?

**WONG:** I think implementing carbon pricing which has been, let's be frank, hasn't been the most popular thing we've done and has been faced with an extraordinary scare campaign – remember, Whyalla was going to be wiped off the map – that is about doing what we think

is the right thing for the future of the country. You might disagree with the policy – it's not a popular policy – but it should be done.

**BEVAN:** Penny Wong, thank you for coming in.

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

**ENDS**