



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

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SCHEME BILL 2009 [NO. 2]**

**CARBON POLLUTION REDUCTION
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**AUSTRALIAN CLIMATE
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**CARBON POLLUTION REDUCTION
SCHEME AMENDMENT (HOUSEHOLD
ASSISTANCE) BILL 2009 [NO. 2]**

Second Reading

SPEECH

Wednesday, 28 October 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 28 October 2009
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Questioner
Speaker Robert, Stuart, MP

Source House
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Question No.

Mr ROBERT (Fadden) (9.19 pm)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and the cognate bills. Climate change is no doubt a significant issue wherever you sit on the political spectrum. It is important to remember, though, that it is a scientific and an economic issue. It is not about zealotry nor religious fervour. Whether Australians believe that mankind is causing climate change or not, the role of any member of parliament is to do all in the best interests of our nation to contribute in a positive way to managing our planet and to ensure we do not leave future generations burdened with debt or damaged land.

I am not a scientist. I have to take the evidence on face value. Despite the growing data to the contrary, I have to give the planet the benefit of the doubt. Consequently, the climate change debate is fundamentally now about managing risk. Thus, wherever people sit on the debate, surely the goals of any coordinated strategy—such as less or zero reliance on Middle Eastern oil, cleaner air, higher organic content of soil to achieve higher crop yields, and greater reliance on renewable energy to ensure our own domestic security—are worthy goals.

Surely, if, in 20, 30 or 40 years time the issue at hand is found to be erroneous, if we have achieved those outcomes it will have been worth it. It is about managing risk. The reality, though, is that the US carbon reduction legislation—the Waxman-Markey bill—will set the benchmark across the globe. Remember, the US economy is almost as large as the next four largest economies combined. Considering that the US legislation will be largely completed within the coming months when the world gathers at Copenhagen to begin thrashing out a new global deal, surely it makes sense to wait until after these two events before Australia shapes its legislation.

However, as we all know, our Prime Minister wants to go forward with an emissions trading scheme—a scheme which aims to reduce our emissions of carbon into the atmosphere—before the US has finished its legislation and before the world decides on the way ahead. We all know that a poor ETS has the potential to destroy the Australian economy. Surely, when the stakes are so high it would be obvious that we should take as much time as we need to get the best outcome. Surely, it is obvious that we should wait 50 days

until the US and Copenhagen have outlined, in broad principle, the way ahead.

We have asked for the ETS to go to the Productivity Commission for a full and frank disclosure of exactly what the impacts will be. Mr Rudd has refused to do this. The question is: why not be open to scrutiny from the Productivity Commission? We have provided the government with the most important thing prior to Copenhagen bar none—bipartisan support on reducing targets by five per cent, increasing to 25 per cent if there is indeed a worldwide agreement.

It is important to note that the opposition supports an emissions trading scheme as one of the tools in a climate change toolbox. Indeed, it was the emissions trading scheme proposed by the Howard government, based on the Shergold report, that was the first such proposal for this country. But it is only one of the tools in a broad toolbox. Other issues that should be considered include carbon sequestration, a voluntary carbon market, the use of biochars and implementing a green cities initiative with advanced depreciation to achieve efficiencies in energy use. These combined strategies will address the climate change risk we face without sacrificing the nation on the altar of an ETS expediency so that our PM can look good in Copenhagen.

However, if the Prime Minister wants to go blindly forward regardless—and by virtue of the debate this evening that would seem his intent—then we will be constructive, we will engage in the debate and we will sit down and seek to negotiate with the government. That is why I rise to support the Leader of the Opposition's amendment to this bill.

The government's proposed emissions trading scheme is flawed in its current form. It will cost jobs, it will cost investment and it will simply export rather than reduce global greenhouse gas emissions. Our preferred aim is that the government defer consideration of the legislation, which will impose, as the leader said, the single largest structural change to the Australian economy. We would prefer that he defer consideration until after the Copenhagen climate change summit has concluded in just 50 days. But clearly the PM cannot wait 50 days. Therefore, we will act in good faith, noting that we do not want to export our problems, noting that we do not want to disadvantage our nation, noting that we do not

seek to redistribute wealth amongst nations or create a funding stream for a world body like a UN. So we will enter negotiations, as the Hon. Ian Macfarlane, the member for Groom, is now doing with the minister—sitting down and going through, line by line, the key amendments we would like to see to protect the economy, jobs and our way of life.

The six key matters that we are encouraging the government to consider in our amendment are quite simple. The first is that agriculture is excluded from the scheme, rather than included after 2015, and that farmers have access to agricultural offset credits or green carbon or carbon sequestration credits. One of the great advantages we have as a continent is over 700 million square kilometres of land or thereabouts. Allan Yeomans has written a book called *Priority One* in which he says that we could pull out all of the carbon dioxide we have put into the atmosphere just through increasing the level of organic material in our soil. Let me quote directly from him:

Soil humus and soil organic matter is mainly decomposed plant life and is 58% carbon. The only source of carbon for life on the planet is the carbon dioxide in the air. We have to turn atmospheric carbon dioxide into humus as cheaply and as efficiently as possible. We are then recreating soil fertility, a process that has been happening for years. We just help the process instead of hindering it.

He continues:

It is simple and easy to increase the organic matter content of soil and so sequester carbon dioxide from the air. Our world's agricultural land areas are more than ample to return atmospheric carbon dioxide levels to normal. We have to raise the organic matter content of the world's soils we cultivate and manage by 1.6% and the greenhouse problems now destabilising world climates and weather systems will vanish.

He continues:

If just the US grain belt was somehow managed throughout the next decade to recreate deep soil with a 20% organic matter content, the carbon dioxide in the atmosphere of the entire world would be returned to a safe pre-industrial era level.

I am not a scientist; I cannot comment on Mr Yeomans's analysis or statistics in *Priority One*. His contention is that if we raise the organic matter of the world's soils by 1.6 per cent the problem can be solved. Even if he is out by 100 per cent, it is only raising the organic content by 3.2 per cent. What it does point out without being too prescriptive is that whatever we do must include agricultural offset credits. It must include the ability for our farmers to reap the benefits through better farming practices and to sequester carbon. It is far better to lead a donkey with a carrot than to beat the living daylight out of it with

a stick. There is an opportunity to provide an incentive for our farmers to lead the way through sequestering carbon into the soil by raising the organic content of the soil. It is fundamental that agriculture is excluded from the scheme and that farmers have the ability to use their land and have access to offset credits. Frankly, it just makes sense.

The second key part of our negotiation with the minister is that emissions-intensive trade-exposed industries, EITEs, remain on a level playing field with competitors in advanced economic countries. It only makes sense that we do not want to disadvantage our industries relative to similar industries across the world. We need to amend the legislation to provide a single level of assistance for EITEs. We need to lower the threshold for assistance from the proposal of a thousand tonnes of CO₂ per million dollars of revenue to 850 tonnes. We need to continue to provide assistance to our EITE industries at 90 per cent until 80 per cent of their international competitors have also implemented carbon abatement measures.

Clearly we need to include primary food processing, such as dairy and meat, in our EITE schemes and allow industries that include a series of sequential or parallel production processes to have them assessed as a single activity in determining assistance. We need to protect our industry not because we want them to keep spewing out carbon dioxide into the air but because we do not want to disadvantage them relative to the rest of the world.

Thirdly, we need to moderate the high impact of electricity prices on small businesses. Let us not forget in this place that small business employs 46 per cent of all Australians, the single largest employer group in the country. The cost of any electricity impact on small business will be passed on to consumers. The Frontier Economics work that the coalition commissioned has raised the issue and provided alternatives the government needs to look at. We have already seen electricity prices go up over the last few years as errant Labor state governments have mismanaged retail privatisation or indeed mismanaged assets. The Blyth Labor government in Queensland is a classic case. The Premier stood there and said that the retail contestability would not see electricity prices rise at all. The next year, up they went by almost 15 per cent. The sheer incompetence of that is staggering.

Fourthly, the coal industry will be required to reduce fugitive emissions, mostly of methane, as technically feasible, but it should not be unfairly financially paralysed. There are not that many gassy mines emitting large amounts of methane from either test drilling or indeed operation of the mine. They cannot be punished. We need to go about it sensibly as technology allows.

Fourthly, transitional assistance to coal-fired electricity generators needs to be sufficient to ensure, frankly, that the lights stay on and our generators remain viable. We cannot have tens of billions of dollars wiped off the balance sheet of our generators without some degree of compensation.

Lastly, complementary measures such as voluntary action and energy efficiency should be encouraged. We acknowledge the problem on this side of the House. We acknowledge that we need to act. It is errant to say that this side is full of sceptics and to use other great religious language. We believe in the need to act. Indeed, we are the ones who tabled an ETS in the first place in 2007. We are the ones who began the action. But we need to act sensibly. We need to ensure we are walking in step with the rest of the world. We need to be an aggressive follower of Copenhagen and the US model, not the world's single aggressive leader. That only serves one man's ego. We want to serve the nation's interests. There is a significant difference between the two.