

# NATIONAL GREENHOUSE AND ENERGY REPORTING AMENDMENT BILL 2008 Second Reading

**Mr ROBERT** (Fadden) (6.03 p.m.)—I rise to support the [National Greenhouse and Energy Reporting Amendment Bill 2008](#). The bill makes minor administrative amendments to the National Greenhouse and Energy Reporting Act, which was introduced of course by the coalition government last year. The aim of the amendments is to simplify the reporting requirements of corporations by reducing red tape, by simplifying the regulatory burden and by increasing flexibility associated with the registration of corporations under the act, confirming that the obligations of a registered corporation to comply with an external audit extend also to the corporation's group and clarifying the provisions relating to the reporting of greenhouse gas projects and the offsets of emissions.

The bill also gives greater power under the act for the government to make mandatory the separate public disclosure of the record of direct and indirect greenhouse gas emissions. It confirms the ability of the minister to specify conditions for the use of alternative methods to calculate greenhouse gas emissions and allows publication of information relating to those methods. The opposition supports these changes to a bill that we introduced while in government as part of the framework required to eventually introduce an emissions trading scheme.

It is worth while pondering the coalition's record on climate change because, contrary to Labor Party rhetoric and some opinion, the coalition's record is exceptionally strong. We established the first greenhouse office in the world. Over the past 11 years Australia has reduced its greenhouse gases by over 85 million tonnes of carbon dioxide, allowing Australia to be one of only two countries, out of 178 states, to meet its Kyoto targets. We led and funded a global initiative on forests and climate. We introduced the renewable energy development fund to support emerging technologies. We provided enormous support for individuals and community groups, taking action through programs and initiatives such as the solar rebate, Solar Cities, the solar hot water rebate, community water grants and Green Vouchers for Schools.

We believe that we need to give the planet the benefit of the doubt. We are committed to an ETS, informed by the Copenhagen meetings at the end of 2009, with a start date no earlier than 2012, with a low and slow trajectory that does not leave our industry open to neglect, disempowerment and indeed destruction. The opposition supports a sensible, well-thought-through, timely ETS. However, we as a parliament should learn from the mixed results coming out of the European Union's experience with an ETS and should acknowledge the consequences of rushing an ETS and not getting it right. The European Union's emissions trading system is the largest multinational emissions trading scheme in the world. It is a major pillar of EU climate policy. The ETS currently covers more than 10,000 installations in the energy and industrial sectors, which are collectively responsible for close to half of the EU's emissions of CO<sub>2</sub> and for 40 per cent of total greenhouse gas emissions, including methane and nitrous oxide.

The British think tank, Open Europe, says the following when reflecting upon the European ETS experience:

The first phase of the EU's Emissions Trading Scheme (ETS), which ran from 2005 to 2007 was a failure. Huge over-allocation of permits to pollute led to a collapse in the price of carbon from a start point of €33 to just 20 cents per tonne, meaning that the system did not reduce emissions at all.

Worse still, since some countries, such as the UK, had set tough quotas on emissions and others had set lax targets, the system acted as a wealth transfer mechanism—

effectively subsidising polluters in states which were making little effort by taxing states with more stringent allocations. Overall there are about six per cent more permits than pollution. The UK has to buy more than 22 million tonnes worth of permits a year, whilst firms in France and Germany can sell off a surplus of around 28 and 23 million tonnes respectively.

Finally, in phase one, the ETS was not a real market. Instead of auctioning off permits to pollute, member states allocated them to companies free of charge, based on how many the government believed they needed. This created severe distortions. Large companies which lobbied for more permits than they needed were able to sell them at a profit. Other institutions, particularly smaller institutions like hospital trusts, proved less effective at lobbying. They got too few permits, and therefore had to pay into the system. As the cross-party Commons Environmental Audit Committee noted:

There is little or no evidence that phase one is leading to any cutbacks in actual emissions at all, whether in the UK or elsewhere in the EU.

In its first year of operation, from 2005 to 2006, emissions covered by the ETS rose 3.6 per cent in the UK and rose by 0.8 per cent across the EU as a whole. What is the European experience that—heaven forbid—this Labor administration could actually learn from? Emissions have not decreased; they have increased, and permits have begun to be a cash cow. This is one example of an ETS put in too fast without the proper rigour or intellectual exercise made to put it in properly.

We support in principle a national carbon emissions trading system. However, there can be either an effective or, as the European experience shows, an ineffective system, depending on the competency and sensitivity of the implementing government. An ineffective system can perversely damage the clean energy sector while also punishing mums and dads with a petrol tax and a grocery tax. Sadly, both of those flaws are precisely what the Rudd government is proposing, making its system an ineffective one, delivering pain without any gain.

A decision to introduce an ETS should therefore not be taken lightly. It requires proper consultation and consideration by all Australians. We must work collectively to preserve our environment. However, we must guard against those who would act in such rash haste that they would export both Australian emissions and jobs overseas—particularly to countries with lower environmental standards. We want to build the Australian economy; we do not want to build the Chinese one. With the recent release of its green paper on emissions trading, setting a start date of 2010, it has become apparent that the Rudd government is intent on rushing into a scheme that has the potential to seriously damage Australia's economy.

As this government races towards implementing an ETS in 2010 as another symbol, the clean-driving LPG sector is at substantial risk of being the first and highest taxed fuel because, frankly, the Labor government forgot to consider it. The clean-burning LNG sector is facing doubts about investment and jobs, and therefore its ability to reduce emissions in China and India, because the government has not thought through its new tax as it pertains to LNG. Gas is a vital transitional fuel. It is a very clean fuel—much cleaner than burning coal. Every shipment of LNG that leaves Australian shores for parts of the world like China or Japan reduces greenhouse gas emissions in those countries and, therefore, benefits the wider world community.

The poorly designed, rushed emissions trading scheme being prepared by Mr Rudd is going to put this investment—billions of dollars of investment and thousands of job—at grave risk, on top of the already incompetent moves to try and prepare a new tax on the condensate field without announcing to the Australian people that the government was

intending to do so. It is not a good move for our economy and it is not a good move for the environment. If we put a heavy carbon tax on the LNG industry that is not matched by a similar carbon tax in areas such as the Gulf and countries such as Nigeria and Indonesia and other countries with which we compete, then we will see investment move away from Australia in the LNG sector. The consequence will be quite catastrophic for this industry sector, with fewer jobs and less economic activity in Australia—but we will have the same amount of emissions just going up into the sky from another location. So this emissions trading scheme has the potential to do great harm to the Australian economy if it is not designed well. It has to be designed in a way that is both economically responsible and environmentally effective—and, so far, the Rudd government's plan is showing itself to be neither.

The solar panel sector is a good example of a sector in freefall, and the government has continued to ignore the damage it has caused with a mean-spirited solar rebate means test. Before the election, you could not spot various shadow ministers without a solar panel strapped to their backs—including the member for Kingsford Smith. But the first thing the member did when he came in was to remove any incentive for a solar panel industry to grow and expand within the Australian economy.

Industry, farmers and the community are being forced to make decisions before the government even releases its economic modelling. This begs the question: on what basis are these decisions being made and on what basis are the submissions to be informed? It is patently ridiculous and, as we can see from the LNG sector, it potentially signals disastrous consequences.

The coalition's policy is that we cannot risk getting the ETS wrong by rushing it simply to meet an arbitrary political timetable set by the Prime Minister ahead of the election. We believed, based on the best advice available to us then, and still now, that a scheme could not responsibly be put in place before 2011—and probably by 2012—though it should not be constrained by time to ensure it is implemented properly. By that time, industry will have had a chance to properly respond to and prepare for the changes that will be required. It goes without saying that it would be incredibly helpful if the Rudd Labor government would release the economic modelling on which Treasury based many of its forecasts. Keeping in mind that an ETS is not a silver bullet, it needs to be implemented in line with a range of other technologies, processes and procedures that include clean coal and a move towards more reliant fuels.

With respect to solar panels, may I urgently say in the House that the Rudd Labor government must remove the means test on the solar rebate. Despite the minister for the environment's claims of overheating in the scheme, I can relay to the House the experience of a solar panel provider in my electorate of Fadden, Ecotech, headed by Paul McLoughlin. The move to means test the solar rebate has meant business by the firm has dropped by over 50 per cent, with the resultant reduction in staff numbers. Whilst the Deputy Prime Minister could not bring herself to announce what she knew, it has already been announced in the Labor budget that 134,000 jobs will go this financial year because of its economic negligence, and moves which take away the rebate in the solar industry only exacerbate the problem that already exists. The means test makes a mockery of the need for clean energy—an absolute, total, complete mockery. I demand that the government reassess its view. Industry demands it. Small businesses that make a living from this demand that they take away the means test that is stripping the solar industry away from the Gold Coast and hurting companies like Ecotech that have led the way in cleaner, greener energy.

The Rudd Labor government has failed to deliver real benefits to the renewable energy sector, such as solar and geothermal energy, by failing to adequately budget for and support initiatives that encourage Australians to take up clean energy sources. Whilst the

government's small changes within the bill are acceptable and supported, it is important that the House acknowledges that the government's ill-conceived rush to an ETS, based on a political imperative and motive without proper thought-through policy and economic frameworks, is propelling our nation towards a degree of economic disaster.