



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**CARBON POLLUTION REDUCTION  
SCHEME BILL 2009 [NO. 2]**

**CARBON POLLUTION REDUCTION  
SCHEME (CONSEQUENTIAL  
AMENDMENTS) BILL 2009 [NO. 2]**

**AUSTRALIAN CLIMATE  
CHANGE REGULATORY  
AUTHORITY BILL 2009 [NO. 2]**

**CARBON POLLUTION REDUCTION  
SCHEME (CHARGES—  
CUSTOMS) BILL 2009 [NO. 2]**

---

---

**CARBON POLLUTION REDUCTION  
SCHEME (CHARGES—  
EXCISE) BILL 2009 [NO. 2]**

**CARBON POLLUTION REDUCTION  
SCHEME (CHARGES—  
GENERAL) BILL 2009 [NO. 2]**

**CARBON POLLUTION  
REDUCTION SCHEME (CPRS  
FUEL CREDITS) BILL 2009 [NO. 2]**

**CARBON POLLUTION  
REDUCTION SCHEME (CPRS FUEL  
CREDITS) (CONSEQUENTIAL  
AMENDMENTS) BILL 2009 [NO. 2]**

**EXCISE TARIFF AMENDMENT  
(CARBON POLLUTION REDUCTION  
SCHEME) BILL 2009 [NO. 2]**

**CUSTOMS TARIFF AMENDMENT  
(CARBON POLLUTION REDUCTION  
SCHEME) BILL 2009 [NO. 2]**

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

**Second Reading**

---

---

# **SPEECH**

**Wednesday, 18 November 2009**

BY AUTHORITY OF THE SENATE

---

## SPEECH

<p><b>Date</b> Wednesday, 18 November 2009</p> <p><b>Page</b> 26</p> <p><b>Questioner</b></p> <p><b>Speaker</b> Boyce, Sen Sue</p>	<p><b>Source</b> Senate</p> <p><b>Proof</b> Yes</p> <p><b>Responder</b></p> <p><b>Question No.</b></p>
--	--

**Senator BOYCE** (Queensland) (11.30 am)—I rise to speak on the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and related bills. Only recently, Prime Minister Rudd described everybody who did not agree wholeheartedly and with unquestioning enthusiasm for this Carbon Pollution Reduction Scheme, as heretics and deniers. He was not saying that just those who question the science are deniers; he was talking about everybody who raised questions about the design of his CPRS or who were doubtful about how it would work.

That was then. Since then the government has compromised by conceding that agriculture will be permanently excluded. Until a day or so ago anybody who sought this permanent exclusion would have been labelled a dangerous heretic and denier by our Prime Minister. The coalition's negotiations with the government are continuing to try to reach a far more acceptable and realistic outcome on this package of bills. Labelling those who have concerns as 'heretics and deniers' does nothing to achieve consensus. I can only wonder whether Prime Minister Rudd would include his Labor Party colleagues the Labor premiers of Queensland, New South Wales, Victoria and South Australia as heretics and deniers. They, with others, have commissioned work showing that an unamended CPRS would cost 126,000 jobs by 2020. Is his own Treasury department full of heretics and deniers because it has produced the conclusion that under an unamended CPRS coalmining output will be 35 per cent lower than it would otherwise have been?

I want to make it very clear today that I am committed to supporting a realistic and effective emissions trading scheme for Australia. The wisdom of the coalition's earlier decision to reject this package of bills has been shown by the amendments that the government has already agreed, even if they are not in the legislation that is before us today. However, despite the agreed amendments—and I sincerely hope that there will be plenty more to protect job-creating businesses—the CPRS is a clumsy mechanism. But it is the only option on the table, and it should be passed, hopefully with a package of amendments that will not unfairly and unnecessarily put businesses and industries in Australia at an unfair disadvantage and destroy Australian jobs. It would have been preferable, in my view, simply to have taxed carbon emissions and to have compensated vulnerable sections of the

community where necessary. But the fact is that Labor's clunky scheme is better than no scheme at all if we are to make some progress on climate change in the national interest and in the global interest.

I am convinced by the overwhelming scientific evidence that the damage that is being caused may well not be reversible if we do nothing—if we simply just wait and watch and warm. We must admit that it is time that we got past the short-termism of underpricing the damage that our use of resources in the world causes. In the past we behaved as if the air could clean itself, but increasing pollution and the hole in the ozone layer taught us we were wrong. We acted for decades as if water was free until we almost ran out of it. Well, energy production is not free either, in terms of its effects, and we must act now.

I would like to see the package of bills passed, and there is no reason why we cannot pass them ahead of the Copenhagen climate change conference next month if the government accepts fair, reasonable and timely amendments. Last weekend, the 21-nation APEC group meeting in Singapore decided to scrap their 200-page draft agreement that had been negotiated by the diplomats and instead use the Copenhagen conference to seek a framework agreement under which countries would agree to cut emissions contingent on others taking similar action. This is no insignificant group. As we know, it includes the US President and the Chinese President.

Subsequently, the Danish Prime Minister, who will chair the Copenhagen conference, has said that following the Singapore meeting there is little prospect of the Copenhagen meeting producing a formal agreement on reducing carbon emissions. This need not necessarily be the serious issue some consider it to be in terms of the timing of legislation through the Australian parliament. Last night there appeared to be renewed hope that the Copenhagen conference might achieve real progress, when the US and Chinese presidents agreed, according to media reports, to 'aim for a comprehensive accord to take immediate operational effect'. Nothing meaningful is going to happen globally unless the US and China—the world's biggest emitters of greenhouse gas—contribute to action on climate change. They need to agree to commit to a legally enforceable successor to the Kyoto protocol

when it expires in 2012, but just what the specifics are of the US-China accord which has apparently been agreed remain to be seen.

But there is reason for hope and there is a need to act—to act responsibly!—and being derided as heretics and deniers is not going to weaken our resolve to push for responsible amendments. It is not leadership to indulge in a personal ego trip. It is not leadership to grandstand and to try to berate and blackmail the parliament into passing a bill that needs significant amendment.

Two days ago opinion polling by Essential Research showed Australians are concerned about climate change and they want it addressed. They want it done without any indecent rush because that is a recipe for mistakes and errors that could have a disastrous impact. The poll that was conducted between November 9 and 12 showed that 38 per cent agreed that Australia did not need to make decisions about the scheme until after Copenhagen. Thirty-three per cent thought the decision should be taken prior to the conference. A total of 29 per cent were unsure. This poll was taken before the Singapore APEC meeting which ruled out precipitate action. When the realisation of that is fed into the national psyche, I am sure the numbers of those believing that caution and care is far preferable to panic and grandstanding will only continue to grow.

The world has never been confronted with such a challenge, so it is important that we get the response right. The decision by APEC leaders in Singapore not to adopt the draft agreement is not a failure. It will not stop the momentum for global action. Similarly, if there is no definite decision in Copenhagen, it will not slow the global momentum. There is a world consensus shared by Australians that there has to be action, but essentially that consensus is that there is no need for the frantic rush that is being demanded by Prime Minister Rudd. With or without international agreement, there is much that can be done and should be done.

The International Atomic Energy Agency estimates that improved energy efficiency can contribute close to 60 per cent of the reduction in global emissions by 2030. The head of IAEA's energy efficiency unit, Nigel Jollands, who was in Australia recently, has said:

With or without an international agreement on climate change, energy efficiency is going to need to be a major component of government policies. You can do it not just because of climate change but because it makes sense for the economy.

There have already been initiatives in Australia, including subsidies for home insulation and solar panels, although under the current Labor government these have been badly administered. The IAEA suggests revised building codes requiring lower

levels of standby power for appliances and electrical equipment, lower emissions lighting, more efficient electric motors for industrial use, fuel-efficient tyres and mandatory fuel efficiency standards.

The Wentworth Group of Concerned Scientists in its October 2009 report *Optimising carbon in the Australian landscape* quote a CSIRO report commissioned by the Queensland government as saying:

... that the Australian landscape has the biophysical potential to store an additional 1,000 million tonnes of CO<sub>2</sub>e in soils and vegetation for each year of the next 40 years.

The group concludes that if we:

... were to capture just 15% of this ... capacity, it would offset the equivalent of 25% of Australia's current annual greenhouse emissions for the next 40 years.

To further quote the Wentworth Group:

This represents a gross investment potential of terrestrial carbon in Australia of between \$3.0 billion and \$6.5 billion per annum.

It is good news for Australia. It lowers the ... cost of achieving Australia's emissions reductions, and makes it possible for Australia and the world to adopt deeper emission cuts.

The Wentworth Group has thrown out a challenge to every Australian government, saying that:

If we plan wisely, terrestrial carbon presents an economic opportunity of unparalleled scale to address a range of other great environmental challenges confronting Australia—

such as—

repairing degraded landscapes, restoring river corridors, improving the condition of our agricultural soils, and conserving Australia's biodiversity.

All of this requires commitment, hard work and intergovernmental cooperation.

Prime Minister Rudd and the government would do much more to protect Australia and make a meaningful contribution to the global cause by accepting this challenge rather than making their near-hysterical demands that this legislation be passed immediately in its flawed form. The opposition's amendments to this package of bills flow from six fundamental principles that must be addressed. We believe that Australian emissions-intensive trade-exposed industries must be on a level playing field with their competitors abroad; that agriculture should be excluded and that there should be a mechanism for farmers to earn offset credits when they abate carbon in the way suggested by the Wentworth Group; that Australian coal producers

should reduce their fugitive emissions as technology allows but should not be unfairly penalised compared to their competitors; that the impact of electricity prices on business must be moderated—we cannot lose our small and medium enterprises because of the unfair competition they face; that assistance should be provided to coal fired electricity generators to ensure they remain financially viable and that the lights literally stay on; and that complementary abatement measures, such as voluntary action and energy efficiency in buildings, should be mandated.

The government has made the concession to permanently exclude agriculture, and I believe that all businesses—not just agribusiness—should be treated equally. The President of the National Farmers Federation, David Crombie, in a statement on October 28 made the valid point:

Of course, indirect costs will still go up. They are going ... up for every sector in the economy and be passed on to every household in the country. We are trying to minimise the cost but to say we can get out of all costs if there is a CPRS would be ingenuos. That's just the reality.

And it is a refreshing grasp of reality. It puts into sharp perspective the complaints of those who demand that there be no CPRS at all because the cost of their energy will go up or because the cost of their fuel will go up. The fact is, as Mr Crombie freely acknowledges, there will be costs and they cannot all be avoided. Yes, there will be cost—that is the whole idea. Higher prices equal lower energy consumption, which equals lower carbon emissions. What we have to ensure is that those costs do not fall disproportionately on one particular sector. But to suggest that there should not be an emissions trading scheme because it will increase costs is, to my mind, an immoral proposition. We must do something to ameliorate climate change.

Last month, an important report, commissioned by the Queensland government and prepared by KPMG, the *Carbon outlook final report*, was released. The report concluded that the CPRS was expected to directly affect around 1,000 Queensland businesses, although the indirect or flow-on effects would be felt by all businesses. It noted that small and medium enterprises, which generally will not have to buy permits, will still feel the effect through the supply chain and from consumer pressures. The survey concluded that only 11 per cent of businesses had a full understanding of what the CPRS meant for them, while 45 per cent admitted to not fully understanding what the impacts would be and 23 per cent thought that there would be no impact on them. In general, business has a realistic outlook. I quote from the report:

While businesses were keen to understand climate change, the CPRS and opportunities for implementing clean technologies, it was clear that the focus of business is on the

bottom line. The proposed CPRS is seen as a financial issue with the impact measured by small and medium business enterprises in terms of the additional cost to business rather than the impact on the environment.

The report continued:

While businesses generally acknowledge that the environment and being 'green' is important, it was almost universally cited as a secondary issue behind the financial well-being and on-going sustainability of the business. Hence, reducing emissions is important, only as long as it does not increase costs.

These businesses must be protected or we destroy the employment engine room of Australia, particularly in the current circumstances as we are beginning to recover from the problems of the global financial crisis.

Small and medium businesses operate on very thin margins. In some sectors, such as tourism, they make up around 80 per cent of businesses. The issue of financial stability is critically important to those SMEs.

Again I quote from the report:

With the average pre-CPRS EBITDA margin at 9.1 per cent (with a range of -18 per cent to 64.6 per cent) and one-third of the businesses operating on margins of less than five per cent, the potential value at risk for the proposed CPRS is significant for a large number of businesses operating on thin EBITDA margins.

These businesses are vulnerable to cost movements and they are very significant employers, especially in rural and regional areas. They must be given every consideration and every opportunity to be competitive.

The Chief Executive Officer of the Australian Industry Group, Heather Ridout, said only on Monday of this week that the decision to permanently exclude agriculture from the scheme would put more pressure on other sectors if we are to meet our emissions reduction targets. She said that the exclusion of agriculture meant that over the longer term industries covered by the scheme would have to find and fund 20 per cent more abatement than would otherwise have been the case.

In her foreword to the report commissioned by AIG, *Gearing up: business readiness for climate change*, Ms Ridout said:

There are plenty of very encouraging signs that businesses have begun to take active steps to measure and manage their carbon footprints.

That report, dated July this year, also said:

Businesses are not yet well informed about the Commonwealth Government's proposed Carbon Pollution Reduction Scheme (CPRS).

Four months on, people are even less well informed. We have before us the same legislation that we had in August and yet we all know that this is not the legislation on which we will be voting. So, four months on, 'well informed' is not a term we could use; 'ill informed' is the situation that the government's cynical manipulation has left us in.

When the final bill is settled and passed, there will need to be a huge information project so that Australians understand what the provisions are, what the processes are, what the reasons are and what the outcomes should be. The government has to make a firm public commitment that it will monitor the impact of the legislation when it is enacted and respond quickly and sympathetically when there are severe or unintended consequences on our businesses.

I would like to note, as did Senator Birmingham, the comments of one of the great conservative leaders of the world, former British Prime Minister Margaret Thatcher. Speaking at the second world climate conference in 1990, Mrs Thatcher said:

The danger of global warning is as yet unseen but real enough for us to make changes and sacrifices, so that we do not live at the expense of future generations.

Twenty years on that comment is as legitimate now as it was then. We must amend this legislation and we must pass it not only in the national interest but in the global interest.