



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

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**CARBON POLLUTION REDUCTION
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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

<p>Date Wednesday, 28 October 2009 Page 31 Questioner Speaker Tuckey, Wilson, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TUCKEY (O'Connor) (12.08 pm)—The member for Elizabeth—

Mr Champion—Wakefield!

Mr TUCKEY—Wakefield, and that population centre called—

Mr Champion interjecting—

Mr TUCKEY—Don't lecture me on the geography of South Australia—I'm married to a South Australian! There is an assembly line, a huge employer, in Elizabeth called the Holden Motor Company. As we speak in this House there are vehicle assemblers and manufacturers around the world, and more particularly in the Asia region, that are cheering on for Australia to put Holden out of business in Australia. When this bill delivers higher electricity charges, when this bill makes BlueScope Steel virtually uncompetitive—and I assume Holden would then import steel—when the Americans have fully government-funded their manufacturing sector including the parent of Holden, and the GM boardroom look at their costs of construction and assembly and say, 'Why are we putting up with Fair Work in Australia'—as, I might add, Bridgestone Tyres have just done; I would love to have been in their boardroom—'when we have much more simplified legislation in America? We need the extra business; why don't we just put the vehicles on a ship and send them to Australia?' That could be from Thailand, who are not going to have an emissions trading tax. It could be from India, with a massively growing industry. They now own Jaguar. They are not going to have an emissions trading tax. And there is China. A constituent of mine rang the other day. He asked how he could get over all the hurdles such as safety and everything to bring in trucks from China which he can retail for \$48,000—big trucks. How would the people of Elizabeth and their jobs survive were this piece of legislation to pass this House?

When the government, and the Prime Minister in particular, had difficulty in describing the workings of his emissions trading scheme, and the benefits it might bring to the community and to the globe, he changed the name—he rebadged it. It is funny, I was just talking about motor cars. He rebadged a lemon and called it a Carbon Pollution Reduction Scheme. I have not heard one speaker from the government benches—and I will not hear one before this is over—describe

how they can guarantee that a pay-to-pollute system of operation will necessarily and measurably reduce emissions of this nature. That is what an emissions trading scheme is. An emissions trading scheme is a process by which the government either sells or gifts the right to keep polluting. And when the Holden factory, or the working family, experience a 20 to 30 per cent increase, as predicted, in their electricity bill, are they paying that to save the planet? No, they are not. They are paying that so that their electricity generator can be compensated for the increased costs of production by their paying the government for the pollution they generate.

An emissions trading scheme is a pay-to-pollute system. But it divides the economy of Australia into two groups. There are those, such as electricity generators, with a captive market. You cannot bring electricity in from overseas, so you either buy it at the price that is available or you go without—and, of course, in industry you cannot go without. One of the great things about Australia is that we do have a better standard of living. We do manage to afford air conditioning, electric stoves and all the conveniences in a household. I have heard people say, 'Oh, I will pay more for electricity.' Obviously, they have the capacity to do so. I will not describe them as a demographic group, but there are a few names that are applicable. They say, 'I will pay more to save the planet.' But they are not paying more to save the planet. They are paying more so that their electricity generator, their fuel supplier and all those other carbon related industries can go on polluting. What is the purpose of that? The member for Wakefield and other speakers this morning have said, 'Don't worry about working families. When we put the price of electricity up, we the government will give them a subsidy to cover that.' In the first instance one might wonder what then happens to the market signal that is supposed to encourage them to tell the kids to turn the lights out, and of course not to turn the air conditioner on, to suffer the heat.

That is the first question. But the second question is: how long will the subsidy last? The Howard government thought it reasonable to assist people to protect their health and the health of their family through private insurance and gave them a rebate on their private health insurance premiums. At the last election, the Rudd opposition promised faithfully to maintain that system. And what has happened? We

have been fighting them to the death as they proceed to take it back. There is an interesting aspect of Treasury's attitude to compensation: they always put it on the expenditure side of the budget, as they do with fuel rebates to the farmers. Why do they do that? Because Treasury is constantly putting out press releases advising the Treasurer of the day that if they want to save a bit of money, here is how expenditure can be reduced. So why would anyone believe that they will be immune from this thing and that they will be in constant receipt of free certificates?

And what an outrageous system that has become. The carpetbaggers in business are all running around saying to us, 'Don't worry about that mob, but you've got to give free certificates; we're special.' In conversation with one group the other day, it became apparent that if they got the free certificates they would have a competitive advantage over another carbon involved industry—creepy-crawly stuff.

As we speak, who is up on the Gold Coast at Macquarie Bank? The spin doctors, the screen jockeys and all of those kinds of people are salivating over the profits that they are going to make trading these certificates. A profit is always at somebody's loss. It has been said that we are about to see a new tax system that will be decided by the private sector. The cost of your electricity will be driven in the same way that the cost of motoring during that boom period was driven: not by supply and demand—there were adequate fuels available—but by the derivative traders. How much do you want to pay for your electricity when this scheme gets going?

These are the realities. It is a process by which you will pay to pollute and if you have any political clout you will be able to get more free ones when you want to. That is the experience in Europe. They have so many certificates flooding the place that at one stage they traded at seven cents. Every time someone walked into a government office and said, 'Give me more free certificates or I'll turn the lights out,' what did they do? Gave them more. The member for Deakin might like to enlighten the House on where in this scheme there is a guarantee that when this market based system comes in more free permits will not be given out. The Prime Minister recently chose to blackguard the free market system in a 7,000-word essay. All of a sudden, a market based system is going to deliver a miracle overnight.

The coal fired generating sector, which gives Australia a competitive advantage at Holden and at many other places, has no solutions that it can switch on like that to fix the problem. And we are going to tax them into poverty and then say that they should find a billion or two to clean up their mess. What have they done already? They have said to the government, 'Compensate us or we'll close down and go.' And that

is in an environment in which the Treasury secretary got up and said, 'The Australian population's going to grow by 50 per cent in 20 years.' Where will the electricity come from? We saw that the Tokyo or some other car show the other day featured electric cars. How much further demand is that going to put on the generating sector? When one talks of renewable energy targets, it has already been said that there is probably insufficient capacity technologically and economically within Australia at the moment to even reach those targets. One starts to wonder what we are on about when we are expecting a population boom with all of the demands that that will put upon us.

Those are my criticisms of an emissions trading scheme. I have not entered the debate as to how Australia, by unilateral action, can save the Great Barrier Reef. I can tell the member for Wakefield and the member for Deakin that when the Prime Minister gets to Copenhagen, possibly with his piece of legislation—and the legislation is huge, and we are supposed to debate it in 10-minute speeches—all the other countries will be laughing behind his back. The Indians and the Chinese have done a deal: no ETS. The American Senate is still 16 votes short of getting the thing on the agenda to talk about. And 44 Democrats, notwithstanding the popularity of their leader, voted against it in the House of Representatives, where it passed by seven votes out of 431. The Europeans have only got one thing out of their cap-and-trade scheme. It is now developing as a nice non-tariff barrier as the world has backed them into a corner on other issues. There is minimal trading between polluters and massive trading between financial institutions. And I mention again the circumstances that arose with petrol and diesel as a result of that activity. Those are my criticisms. It is the wrong response to a perceived problem—and I have not got time to give examples of how long the beaches that I visited 70 years ago have been eroding and rebuilding with the seasons.

There are solutions. There are means to deliver measurable responses to reduce carbon emissions and they are all available in modern technology. As ABB Australia, the old ASEA Brown Boveri company and probably the world's largest manufacturer and installer of large electrical technology, has shown me on a graph which is on my website—www.wilsontuckey.com.au—the Australian electrical system from start to finish is 20 per cent efficient: 100 per cent energy in, 20 per cent out. The technology exists to raise that to 40 per cent. A lot of that is in the transmission system that we operate in this country. It is called AC, and it can be high-voltage AC—HVAC. The chosen technology for transferring electricity throughout long distances today is high-voltage DC. We happen to use that to cross Bass Strait for the simple reason that if you tried to transmit AC over that distance there would be no electricity left.

Let me give you the best possible example of comparison I can. The Europeans are looking at the potential for solar power to be generated in the Sahara Desert. That is another issue: when you look at renewables and you want solar power, you go to the hottest possible place you can find. There was a study to look at how that solar power would be transmitted to Europe. The study involved practical manufacturers and others, who came to the conclusion, considering that they were talking about a 3,000 kilometre journey, that HVDC was the answer to that problem. Why? Because over 3,000 kilometres they would lose 10 per cent of the energy provided at source. Had they used high-voltage AC current the loss would have been 45 per cent. And guess what the major source of transmission within Australia is: AC.

But it goes further than that. We are told a lot about natural gas. Yes, if you put it in a gas turbine or if you burn it in the stove the emissions related to that activity will be less if it is measured at that point in time. But when, as occurs in many parts of Australia, we are serviced by 25,000 kilometres of gas pipeline, the equation changes significantly. The gas pipeline that delivers gas to Perth from the Pilbara uses 225 megawatts, the equivalent of a typical Australian power station, to pump the gas that distance. That produces 700,000 tonnes of emissions. The simple act of ceasing to generate electricity in Perth from that resource and putting the generators in the Pilbara and bringing that power at a cost of about \$1.1 billion down into the sou'west network would produce a massive reduction in emissions and a massive increase in the energy that arrived where it could be used from the same energy that was generated. That network could then be interconnected with the eastern states network—and the South Australian and Victorian networks are now interconnected by underground HVDC lines.

For \$4 billion or \$5 billion—a fraction of what this government is proposing to waste on a National Broadband Network that will probably be redundant by the time they get it in the ground considering the rapid evolution of other technologies in broadband, and it appears they have to steal the Telstra network from its shareholders prior to being able to do it—the government of Australia could invest in a high-voltage DC network which would deliver measurable and significant savings and deliver whatever benefit was consequently available to the network.

Most Asians are polite; they laugh at you behind the back of their hand. They will be laughing when Kevin Rudd, the Prime Minister, goes to Copenhagen—Korea, Japan, Thailand, Malaysia and India. And China is building a 2,000 kilometre HVDC line at the moment to get its hydropower from the western regions into its east coast manufacturing sector. China is going

to stick its chest out at Copenhagen because it will be able to identify measurable reductions in carbon. China is going to say to Rudd, 'Where are your figures proving how you are going to make your contribution?' And he will say, 'I have an emissions trading scheme!' (*Time expired*)