



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

**CARBON POLLUTION
REDUCTION SCHEME BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME (CONSEQUENTIAL
AMENDMENTS) BILL 2009**

**AUSTRALIAN CLIMATE CHANGE
REGULATORY AUTHORITY BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME (CHARGES-CUSTOMS) BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME (CHARGES-EXCISE) BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME (CHARGES-GENERAL) BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME (CPRS FUEL CREDITS) BILL 2009**

**CARBON POLLUTION
REDUCTION SCHEME (CPRS FUEL**

**CREDITS) (CONSEQUENTIAL
AMENDMENTS) BILL 2009**

**EXCISE TARIFF AMENDMENT
(CARBON POLLUTION
REDUCTION SCHEME) BILL 2009**

**CUSTOMS TARIFF AMENDMENT
(CARBON POLLUTION
REDUCTION SCHEME) BILL 2009**

**CARBON POLLUTION REDUCTION
SCHEME AMENDMENT (HOUSEHOLD
ASSISTANCE) BILL 2009**

Second Reading

SPEECH

Wednesday, 3 June 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 3 June 2009
Page 103
Questioner
Speaker Tuckey, Wilson, MP

Source House
Proof Yes
Responder
Question No.

Mr TUCKEY (O'Connor) (7.55 pm)—I invite the member for Melbourne Ports to remain in the House, because I think he is a genuine man, and listen to how the problems he identifies can be corrected. The Carbon Pollution Reduction Scheme legislation before this House is a misnomer because it provides no guarantee of carbon dioxide pollution reduction, which the government says is necessary to prevent further climate change. It is in fact a front for another screen-jockey derivative scheme called the emissions trading scheme, or ETS, based upon the trading of certificates of rights to pollute. Let me repeat that claim: this legislation provides for the selling of \$11 billion worth of certificates by government to a captive market to continue to pollute the atmosphere in the vain hope that the cost will influence some of them to cease polluting—no punishment, just pay. It also provides to gift a large quantity of these certificates to pollute to the largest of Australia's polluters if their business is deemed to be trade exposed. However, the legislation provides no information as to when or to what extent these free certificates will be issued to individual companies and businesses that qualify. We are told it is necessary to pass this legislation before the government will enlighten Australian businesses and workers as to how many certificates they must purchase or obtain for free.

The parliament is therefore being asked to buy a pig in a poke on behalf of the Australian people in terms of both the future level of emissions permitted in Australia and, on the other hand, the number of jobs that will be lost as investors and business leaders decide that the cost of these certificates will impose an impossible burden upon their particular business and it is therefore necessary to relocate overseas to nations whose emissions management is loose or simply more generous and/or, as I will cover in the latter half of my speech, have implemented pollution reduction measures that apply no extra cost to their businesses and possibly provide cheaper energy.

The free-market United States is already discussing much more generous exemptions in its draft ETS legislation than is inferred in Australia, whilst the centrally managed Chinese economy is investing heavily in nuclear power, hydro and wind energy, and, as we speak, is investing in the first of a series of 2,000 kilometres of high-voltage DC electricity transmission lines to dramatically reduce the carbon

pollution involved in the inefficient AC and gas pipeline transmission of energy that now applies in Australia.

In my opening remarks I stated that the CPRS legislation gives no guarantee of pollution reduction. This is because many of Australia's polluters have the simple option of buying the certificates and passing on the cost to the obvious captive consumer markets that exist in such areas as retailing or electricity and motor fuels. The government recognises this effect on low-income families and promises cash refunds. Just how does that influence consumption and pollution?

Then there are the trade-exposed businesses which, as I have mentioned, must either be allowed to continue to pollute through free certificates or will deliver the ultimate pollution cut for Australia by closing down or relocating as they cannot compete internationally from within Australia. No-one in the world yet knows what sweeteners or downright claims for Third World exemption will arise at the world conference in Copenhagen, yet our TV junkie of a Prime Minister wishes to entangle Australia in this ETS spider web, which will give him personally the only reason to be relevant as the representative of one per cent of world pollution when surrounded by those who each produce approximately 30 per cent and whose financial capacity to protect their industries and their jobs exceeds Australia's by a multiple of thousands.

This legislation provides no guarantees of pollution reduction, but it certainly provides the opportunity for the international hedge funds and screen traders responsible for the present financial crisis to find a respectable means of making profits and passing them on to the workers and businesses of Australia through higher certificate values. Even at its low-level start-up—of which the Greens complain—it certainly threatens thousands of jobs.

The alternative is for a government initiative of substance aimed directly at pollution reduction, and those opportunities abound. The government should not be chucking a lousy billion at research; it should be investing in known technologies. A representative of Santos has claimed at the current APPEA conference in Darwin that the national gas industry could alone reduce Australia's emissions by 20 per cent by 2050, presumably by the fact that gas reduces emissions to half when compared to

coal, but there are a number of options that could be introduced by 2020 which provide no emissions and/or greatly reduce energy losses. Had the Rudd government applied the \$24,000 million worth of \$900 cheques to this problem by investment in a widespread high-voltage DC transmission system, as the Chinese are, and a significant component of extra renewable energy generation—particularly using the tides of the Kimberley—a real reduction of 20 per cent in overall emissions would be achieved without this tax.

Australia's present practice of transmitting energy over long distances through highly inefficient high-voltage AC transmission lines and natural gas pipelines would, if reformed, add greatly to be available energy and reduce the pollution associated with these forms of transmissions. The Dampier-Perth natural gas pipeline emits approximately 700,000 tonnes of CO₂ per annum simply by the process of using approximately 250 megawatts of energy to pump the gas over the required distance, as do all our other gas pipelines. Yet when the gas arrives in Perth—and, I believe, many other destinations—30 per cent of it is then converted to electricity and transmitted back along that same pipeline route in highly inefficient, energy-losing, high-voltage AC power lines to northern consumers.

All future renewable or gas or coal fired energy should be produced as close as practical to source and transmitted to centralised consumer locations by HV DC transmission, incurring very low energy losses. The Europeans, the Africans and now the Chinese do this already. In Australia, only the Victoria to Tasmania Bass Link utilises this technology—there are a few shorter bits of connection—and that is primarily because it is a system that will operate under water and does not need a series of wasteful transformers along the way.

Were WA connected to the eastern states across the desert, and WA's northern demand centres and natural gas production hubs were also serviced with an HV DC system, all Australia could benefit by a massive growth in cleaner gas generation, thus diluting the effect of coal but not closing it down. Once the transmission system reached the Kimberley-Browse gas hub that is currently proposed for development, the local gas generation system could then be supplemented from the gigantic, perpetual, renewable and predictable tidal resources of the Kimberley region. You would start off bringing down gas-fired electricity, not using huge amounts of energy to pump the gas and then bringing it back as electricity. So there are huge savings just of that nature, and of course you get more energy for your buck.

As this additional energy comes on stream, Australia could tolerate, in pollution terms, the economic benefits of our cheap and available coal, as no country

anticipates a nil emissions scenario. Furthermore, the additional low-pollution or no-pollution energy provided would enhance the introduction of pollution-free electric and hydrogen fuel cell cars and transport vehicles, providing further substantial reductions towards a 50 per cent target. The initial investment of government funds would be self-funding over time—a longer time than business might expect—and thus represents an appropriate borrowing for economic stimulus, not just throwing it into the ether. Above all, it would guarantee low-cost secure energy for future generations, considering the volatile regions from which Australian imports its motor fuels. Australia can then meet its international obligations with pride, without imposing costs upon its business sector, jobs market and energy consumers, and certainly does not need to sell government certificates to pollute to achieve this purpose.