



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>Date Wednesday, 18 November 2009</p> <p>Page 16</p> <p>Questioner</p> <p>Speaker Back, Sen Chris</p>	<p>Source Senate</p> <p>Proof Yes</p> <p>Responder</p> <p>Question No.</p>
---	--

Senator BACK (Western Australia) (10.31 am)—The presentation of the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and related bills in this place at this time is the height of hypocrisy and if passed could visit on the Australian people a scourge of the highest taxes, the greatest loss of jobs, the worst impact on our economy and the most severe assault on our way of living and, if you believe credible experts and government advisers alike, all for no benefit to the nation or indeed the world. The proposed legislation is the demand of a Prime Minister who seeks self-gratification well ahead of the wellbeing of this nation he has the responsibility to lead. He does not care at what expense it will be to our country and our people, and he demands that this bill be passed less than 20 days before world leaders are to debate the very issues covered by the legislation knowing that it will impact on Australia and that the outcomes should be taken into account in framing our eventual position.

I will address three key issues in my contribution: the timing of this debate and the vote, key environmental issues and, of course, community engagement. The Prime Minister wants to lock Australia into a position on carbon emissions trading or taxing before he goes to Copenhagen next month. He wants the legislation passed now, yet it is not due to come into effect until July 2011, some 19 months away. He has not explained to the Australian people or to this chamber why it is so necessary to deal with this legislation in advance of Copenhagen when it is not coming in until July of 2011. Nobody in the media has challenged him on this question. Australians have the right to know why it is that none of our major trading partners or our competitors are committing to a position prior to Copenhagen and yet we have to, for whatever reason.

This global gambler, the very person who recently lectured his political opponents on the finer points of the game of poker quoting from the Kenny Rogers song, went on to state:

You've got to know when to hold 'em, know when to fold 'em.

Know when to walk away, know when to run.

Indeed, he wants to run to Copenhagen. He wants to wave our cards in front of the world community before they have even picked theirs up off the table. On this

issue, the gambler's advice from that song continues, and it is a shame the Prime Minister did not go a bit further in the quote himself because it goes on to say: 'You shouldn't count your money 'til the dealin's done,' and the deal is certainly not yet done, neither here nor in Copenhagen. One can only hope that the Prime Minister's reference to this song is no guide to the way that he is attempting to run this economy or indeed to run it down.

It was on 8 November that his Treasurer Wayne Swan, in a speech in Edinburgh after the G20 finance ministers' conference leading up to Copenhagen, said:

I would regard it as premature for us to be putting forward a figure in total in the absence of some knowledge about the likely nature of the agreement—

in Copenhagen—

and the institutional mechanisms that go with it.

The G20 finance ministers meeting in Edinburgh that weekend wanted consensus and they did not get consensus. The European ministers, of course, want the G20 nations to commit to an expenditure of, if you do not mind, A\$180 billion per year as an incentive to developing countries to emission reductions. Even the Danish Prime Minister, who will host the group in Copenhagen, went on to say that the climate change meeting in Copenhagen could now not lead to a legally binding agreement. Yet we are being asked in this place, in the next two weeks, to do just that. The most senior ministers in this government are totally confused. We have a Prime Minister who wants us to pass this legislation this week and a Treasurer, quite rightly, preaching caution on Australia's financial exposure in the face of spirited pressure. But I suppose he too, like the rest of us, is a coward and therefore is not being listened to.

The Europeans hold a very strong hand when it comes to carbon emissions and to the debate. Why? Because, of course, they rely heavily on low-carbon nuclear energy for generating their electricity. France generates 80 per cent of its electricity from nuclear reactors. The UK, another Labour government, only last week announced that they are constructing 10 new power stations. Indeed 19 of the G20 nation countries have nuclear energy in their power mix, so of course

they are very, very happy to be wedging us. They are low-carbon emitters because they have a form of energy that we will not even talk about in this country. How is the Prime Minister going to play our cards in this situation? How can he commit Australia when he does not even know what our trading partners, or, worse, our trading competitors, are going to do? Those who ignore the lessons of history are doomed to repeat them. We know very well that the Europeans have always sought to benefit themselves first and this round will not be any different. Anyone who wishes to dispute that need look no further than the tariff protection of their agricultural trade over the last 40 years.

I come now to the question of environmental sustainability in this question of climate and the deliberate confusion being spread about carbon. The core issue in the minds of business and community leaders is a sustainable environment. This is where the focus should be in this debate and not on carbon dioxide. If I can use a medical analogy, carbon dioxide and greenhouse gases are not diseases. They may or may not be symptoms of disease. So what is the disease? It is the deterioration of the environment, here in Australia and internationally, and most reasonable people would accept that the deterioration of the environment is due to human impact. That is where the attention should be. Using my medical analogy, a headache, like carbon, is not a disease. If the clinician rushes in to treat the symptoms, whether it be with a carbon tax or an aspirin, they will fail because they have failed to diagnose the cause of that headache or that disease. Get it wrong and it will have been wasteful or indeed could make matters worse. This flawed carbon tax—and of course the word ‘flawed’ will now incur the wrath of the thought police—will create far more than a headache for the Australian people well into the future. The emphasis needs to be on fixing the environment and not demeaning carbon dioxide.

But what is this government’s commitment to investment in a sustainable environment and minimising the impact of humans? Once again we see a track record of empty rhetoric and absolutely and utterly no performance. Let me give you just a few examples. Water management is one. This is the driest continent on earth. Would you not think that we would be at the fore? My Israeli colleagues have said to me: ‘Why is it that your country is so far behind and we are so far to the fore in water management?’ Why is it that water in the Thames River travels through people seven times from its point of origin to the ocean, and yet we in Australia are so far behind? What action have we taken over time as a community, as households and as businesses on the billions of litres of potable water wasted in industry, in households and by governments? No action has been taken in this area.

I look at the river systems. There is a total failure in river system management. The Murray-Darling is an absolute disgrace for this country—for federal and state governments and anybody else associated with this inactivity. I look at land use, particularly in my state of Western Australia. In one area alone in the northern wheat belt the equivalent of a football field per hour is lost to salinity. It is not just agricultural land. There is creeping salt in the towns as well. It is a catastrophic problem, and yet we learnt recently there is no money to control salinity.

Then there is power generation and distribution. This government was forced kicking and screaming by Western Australian parliamentarians from our side to recognise LNG as a viable and lower-carbon alternative to coal. They were unwilling to do so, despite the fact they were very happy to go over there and have their photos taken beside Chevron and their partners in Gorgon, the Browse et cetera. Let us see some action in this whole debate. Why are we not seeing it? There is a lack of vision, no leadership and empty rhetoric. Look at power distribution. The rest of the world has high-voltage direct current power distribution. It is phenomenal. We could link up eastern Australia to Western Australia. Some of our Treasury officials in an inquiry recently did not even know there is no grid linking up the east to the west. We could go further with our distribution chain with high-voltage DC and we could link up to Asia. The Chinese are into it and the Europeans are into it; we are doing nothing. The \$900 per head would have been far better spent on that sort of activity than the way it was wasted.

Madam Acting Deputy President, I remind you again that 19 out of 20 of the G20 countries are indeed using nuclear means. We have, I think, the third highest level of reserves in this country. I am not advocating nuclear at this time, because fortunately Australia has coal and it has LNG in abundance, but in 20 to 30 years time we need to be looking at this issue. This government needs to be taking leadership in it. It has some senior ministers who have the nerve to get up and say so. It needs a lot more and it needs the Prime Minister.

I continue with Land and Water Australia. What is more important in this country than Land and Water Australia? Yet after years of excellent research we see Land and Water Australia is being abandoned and effectively even now has been neutered down to nothing. There is also the Desert Knowledge CRC. Why do I mention it? Simply because it is also to be the subject of the knife. Only recently were you on the east coast reminded of the impact of desertification and feral animals when half of the east coast, including the city of Sydney and this city of Canberra, was covered in dust. What a shame the dust storm did not come

before the decision to cut off the funding to the Desert Knowledge CRC. The list simply goes on.

I come to the third of my points, and that is community engagement. What hand has this Prime Minister dealt to the Australian people? Can the gambler know what the cards are by the way he holds his eyes? What have we been told about emissions trading as a community? The man on the street knows very little. Recent surveys of business people—people who should be across this—have brought out comments like: ‘I’m not proud to admit it, but I don’t know anything about the ETS.’ ‘Sorry, I can’t even put two sentences together,’ said one person. ‘I know nothing about it,’ said a second. A third tried to indicate it might have something to do with ‘polluters buying credits from tree growers’, for example, but could not say much more. A fourth person said: ‘Sorry, I don’t know what ETS stands for. Should I look it up?’

The government has set new records in spending taxpayers’ money boasting about the so-called education revolution—which in the building sense, as I have said, is not going to add one iota to the learning of any children—and the fair work laws, but there has been nothing on emissions trading or a carbon tax. Why aren’t they engaging with the community? Why is the community so confused? Do the community want to see some action? Of course they do. What do they want to see it on? Nobody actually knows, because this government has simply not addressed it.

There is an old saying: ‘awareness brings action which brings results’. Well, it starts with awareness, and the government have done nothing. I ask why. Is it because they cannot tell the people that it will be the largest taxing issue most Australians will face in their lifetimes? Or is it because they know the carbon tax will have no impact on world carbon dioxide levels, that it will drive jobs away from Australia, and that it will drive businesses and industries into the hands of our competitors—in so doing probably making the world carbon problem worse?

I look now to the CSIRO—and it is a shame the minister has just left the chamber. In 2008, Senator Carr very sensibly gave the CSIRO a new charter to protect academic freedom, stating that Australian scientists should be able to contribute their personal opinions to public debate. Unfortunately, what happened when respected CSIRO scientist Dr Clive Spash tried recently to question the emissions trading scheme? He was gagged by the CSIRO senior management on the basis of the same charter that Senator Carr had given them on the grounds that Australian scientists should be able to contribute their opinions. His contribution to the debate was to argue that economic theory underpinning emissions trading

is far removed from the reality of market permits. I will quote him:

While carbon trading and offset schemes seem set to spread, they so far seem ineffective in terms of actually reducing GHG’s ... Despite this apparent failure, ETS remain politically popular amongst the industrialised polluters.

He could have added banks. He went on to say:

The public appearance is that action is being undertaken. The reality—

according to Dr Spash—

is that GHGs are increasing and society is avoiding the need for substantive proposals to address the problem ...

He is one of our most respected scientists and he wanted to say that publicly. He was gagged from doing so. Where is the cowardice in that? What we have to know is that this emissions trading scheme, this bill, will not change anybody’s behaviour and will have no improving effect on world carbon, greenhouse gas or, indeed, importantly, environmental sustainability.

In my contribution to this debate in June, I pointed out that the government had refused to release any Treasury modelling on what the impact would be on Australia if our trading competitors and partners did not participate. I simply do not believe that professional Treasury officials did not do that modelling. If they have not, they are derelict, but this government must now demand they do it and they must release it. I call on them to do so. Some Treasury data was, of course, recently made available for the community to scrutinise. The bottom line is that its own modelling shows that the ETS will have little or no impact on the coal-fired electricity generation industry in our lifetime.

The Australia Institute CEO, Dr Richard Denniss, hardly a person from our side, stated:

What she—

Senator Wong—

doesn’t tell us is that her CPRS, complex and impenetrable as it is, does not actually result in the reduction of greenhouse gas emissions from our coal-fired power stations.

He went on to say:

The CPRS is complex, expensive and ineffective. The government’s strategy—

and these are his words—

is to suggest to voters that they are taking significant action on climate change while simultaneously allowing them to assure industry that they aren’t really doing anything. It may

or not turn out to be a well-designed political tool, but as a policy tool it is an enormous distraction.

So then we have the issue of what the Prime Minister is doing about it. Who is he protecting, and for how long? He says he is going to protect low-socioeconomic families but he does not tell them openly that it is only for a two-year period. What is he doing for self-funded retirees? And who is missing out again on any sort of support in this ill-considered legislation? Who will bear the burden of it? It is, naturally enough, the engine room of this economy: small business people and middle-income Australians. They are the ones who provide the employment and take the risks out of their own pockets and in their own businesses. They are the ones who will be slugged on this occasion.

In June of this year I made a comment in this place. It has recently been picked up by community leaders and economists. Bill Evans, the senior economist from Westpac, said only recently that if Australia 'genuinely wants to reduce global carbon emissions, we should be investing heavily in research and development in those areas where we can make a difference'. He agreed with me that Australian research organisations and industry have a strong record in this area. The results of that R&D could be sold to wealthy countries to recover and invest further and could be given by Australia as a wealthy country to the developing countries as our contribution. The point being made is that this will have a far greater effect on the 1.5 per cent.

I conclude with reference to the fact that it is a remarkable coincidence that this conference in December is to be held in Copenhagen, the spiritual home of the fairytale teller Hans Christian Andersen. We all know of the fable *The Emperor's New Clothes*. For those who need reminding, it is of the emperor who cares for nothing but his own wardrobe. He hires two so-called weavers—swindlers—and they promise to make him the finest suit of clothes. The only problem is that it is invisible. The emperor sends his ministers along to see how the job is going. The ministers think, 'Well, I can't possibly stand up and say there is nothing there; I will go back and I will join in the rort.' He sends advisers and the advisers do the same thing. As we all know, what ends up happening is a parade. All the people want to see this wonderful exercise. The people cheer, hoot, carry on and clap and only one little boy in the crowd says to his dad, 'The emperor has no clothes.'

What is the plot? It is an arrogant emperor who placed his own vanity ahead of national interests, two swindlers who saw him for what he was, demand by them for resources that would rob the people of their assets, sycophantic advisers and colleagues who perpetuated the myth, a crowd looking for leadership and an innocent bystander who himself was not a

coward. We all know we need change. I am here to say that this bill will not deliver that change.