

# NATIONAL GREENHOUSE AND ENERGY REPORTING BILL 2007

## Second Reading

[Mr KELVIN THOMSON](#) (Wills) (1.40 p.m.)—I usually follow the member for O'Connor in discussions about the wheat industry. I draw the conclusion that he knows more about the wheat industry than he does about emissions trading. The [National Greenhouse and Energy Reporting Bill 2007](#) is all about emissions trading. Do we need emissions trading? Absolutely. The globe has a very serious problem with climate change, with global warming. In pre-industrial times, levels of carbon in the atmosphere were around 280 parts per million. They have now risen to 380 parts per million, and they are tracking upwards to 500 parts per million and beyond. The implications of this for our global weather systems are many and varied. Some are unpredictable, some are unknown, but those which we can see and can measure are of great concern: melting polar caps, melting glaciers, rising sea levels through thermal expansion and increasing and more severe extreme weather events, such as floods, storms, cyclones and bushfires. In Australia we see its manifestation in drought, we see its manifestation in the spread of tropical disease and we see its manifestation in coral bleaching on the Great Barrier Reef. Unquestionably we have a major problem.

We have been treating the earth as a business in liquidation, and we need to put a price on carbon. People who think that putting a price on carbon is going to be a costly business need to consider the alternative. We have ongoing drought in Victoria. The agriculture minister was reported this morning talking about the need for the continuation of drought relief and exceptional circumstances. These are not exceptional circumstances; this has been going on for years. There is the impact of these storms, floods and cyclones on insurance companies, on our economic activity and on our agriculture. Last year the Stern report made very clear that the economic consequences of not acting would be more serious than the economic consequences of taking action and, in particular, of taking action sooner rather than later. But what has this government been doing? It has been doing nothing. It has been sitting on its hands. We have lost years in procrastination. The issue of emissions trading has come before the government and has been under consideration on a number of occasions. It is well known that as far back as 2004 there was a cabinet submission on emissions trading, which the Prime Minister simply knocked on the head. We have had years wasted by a government that has refused to listen to the evidence, refused to listen to the science and refused to listen to the community. The community has been crying out for years for action on global warming. Recently I have had renovations in my office, and I have had occasion to go through lots of old files. I came across a speech I did back in 1990 that talked about the global warming issue. The climate change treaty, the Kyoto protocol, was negotiated through 1996 and 1997. Australia signed it and then reneged and refused to ratify it. Government MPs are now scratching their heads about the opinion poll results. At the moment they sound like Kamahl, when he asks, 'Why are people so unkind?' The fact is that this government has arrogantly been saying to the Australian people: 'We don't care what you think about climate change. We know best. We're not going to ratify the Kyoto protocol.'

For the past decade they have failed to put a price on carbon; they have failed to introduce emissions trading. It is the same with issues like Iraq and the AWB scandal. The government arrogantly ignores the views of the electorate, pats them on the head and patronisingly says, 'We know best; we are going to do this our way.' And now they are walking around gnashing their teeth and bemoaning the fact that the electorate is not listening to them. Well, if you are not prepared

to listen to the electorate then do not be too surprised when they stop listening to you. Most people lose interest in a conversation if it seems like the other person wants to do all the talking and none of the listening.

On the issue of emissions trading, the government continues not to listen and to treat the Australian electorate with contempt. It now says it is going to set up an emissions trading regime, but it will not announce a target for emissions reduction. It says it will do this after the election. What a contemptible way to treat the electorate. It must think that the Australian people are all fools. The only way an emissions trading regime can work is if we set a future target for our greenhouse gas emissions and enforce it. Labor has set such a target, based on the science and the work of the Intergovernmental Panel on Climate Change—a 60 per cent reduction from 2000 levels by 2015. It is an ambitious target; there is no doubt about that. But it is the kind of target that scientists are telling us that we have to achieve if we are not to see this planet's climate alter in unpredictable ways and ways which will almost certainly cause suffering and hardship for our children and our grandchildren, who will in turn condemn us for our selfishness and lack of foresight.

But this government seriously proposes to go to the election with no greenhouse gas emissions target. It says it will come up with a target after the election. What a con job. Imagine a political party proposing to alter the private health insurance arrangements but saying it would let everyone know the details after the election. No-one would stand for it; nor should they. Imagine a political party proposing to alter the school funding arrangements between government and non-government schools but saying it would let everyone know the details after the election. All hell would break loose. But that is precisely what the government is trying on here. It says it is going to introduce an emissions trading regime but no-one can gain the faintest idea of what its impacts will be. Indeed, its failure in this regard is so great that many in the business community are privately utterly dismayed with the government's dithering and are increasingly publicly calling for greater certainty and transparency. The Insurance Council of Australia, for example, has been quite clear about the need for action on emissions trading and the setting of targets. Insurance companies depend on being accurate in their predictions of the risk of future climate disasters such as storms, cyclones and floods. Their money is where their mouth is and I think it is far more likely that they are getting it right than the government's climate change sceptics, such as the member for Tangney and the member for Solomon.

The government's failure on emissions trading was also glaringly obvious at APEC. There is much to be gained from getting countries to actively work on an international emissions trading system. There are lots of business opportunities for Australian companies once international emissions trading gets off the ground. We need to get other countries into reducing their emissions. Global warming, to state the obvious, is a global problem. There was plenty of hype before the APEC meeting about how we were going to make big strides in tackling climate change. I got a letter from the Minister for Foreign Affairs. I do not know whether the other members here did; perhaps he wrote just to me. The letter said, 'The Prime Minister has made climate change a key focus for this year's APEC leaders summit.' But what did we get? The Sydney declaration! It is a joke. It talks about aspirational targets. Well, what are they? Where are they? They are nowhere to be seen. Ten years after Kyoto and we are going backwards.

One of the government's arguments for not ratifying the Kyoto protocol is that its targets are too modest and that they will not cut the world's carbon emissions by much. Well, at least they cut them, and that is a start. The Sydney declaration

has no targets and cuts no greenhouse emissions whatsoever—zippo! So a serious opportunity to make progress on the emissions trading front has gone begging, and domestically the government's dithering is leading to chaos. The states are all coming up with their own plans for carbon reduction and emissions trading. This is entirely understandable. There is an absence of national leadership, nature abhors a vacuum and the states are stepping into the vacuum. But the trouble with this of course is the railway gauge problem—businesses do not want to deal with different arrangements in different states. It is ridiculous and embarrassing for Australia that, whereas the European nations have produced one emissions trading scheme, we, a single nation, have a multiplicity of them.

In late August the Department of the Prime Minister and Cabinet held public consultations around the nation on the issue of emissions trading in general and the bill before the House in particular. It might have been more helpful if it had held these consultations before it introduced the bill. If I have time I will come back to that later. Clearly, what we have before the House is an eleventh-hour, rushed, patch-up job from a government which, after 11 years of sitting on its hands over global warming, is desperate to be seen to be doing something.

I went along to the Melbourne consultation session on this bill because I am very interested in the emissions trading issue. There were a lot of people there. I did not count them but I think there would have been at least 150 people there, reflecting the great interest of the business community in this issue. There were a couple of features of the Department of the Prime Minister and Cabinet presentations which I found to be very significant. First, the department said that its present projections are for Australia's carbon emissions to be well up on their present levels by 2020. While this has been said before—the Australian Greenhouse Office has projected that by 2020 we will be 27 per cent above our 1990 levels—it is very significant that the Prime Minister's own department says that we are not on track to reduce our carbon emissions in the future; we are on track to increase them. It reveals the government's frequent mantra, 'We are on track to meet our Kyoto target,' for the shameless spin that it is.

One of the alibis the government give for not ratifying the Kyoto protocol is that some of the poorer countries which have ratified it do not have any targets in the first commitment period. They say, 'We are not going to get on board the Kyoto train because there are so many hypocrites on it.' Well, Prime Minister, there is always room for one more. Australia is monumentally hypocritical in complaining that other countries either do not have targets or are failing to meet them, when in fact we are tracking for a 27 per cent increase in our carbon emissions by 2020.

Another significant point to emerge from the Prime Minister's department's presentation was the observation that we need a carefully calibrated emissions trajectory. The statement was made that we need a long-term aspirational goal to act as an anchor for price expectations. It was stated that we need to establish a forward price curve, which would be a function of the aspirational target and international factors et cetera, and that that forward price would drive investment decisions by firms. That all makes good sense to me, and it is unremarkable, except for one thing: it is precisely what Labor have argued and what Labor have done in announcing our 60 per cent target by 2050, whereas the government have not done it—they have not produced a target. As I said earlier, the government want the Australian people to go into the election and vote blindfolded, not knowing what the emissions target is going to be. As one questioner in the audience pointed out, until we see what the target is and what

the caps are, we will not get to first base regarding issues of allocation, compensation and the like.

One other point which came through clearly in the questioning afterwards is that there is some concern that forestry and agriculture are not being included in the initial scheme. It is clear that some businesses believe that it would be advantageous to be able to participate in the scheme. One questioner asked whether the exclusion of forestry would create a perverse incentive for landowners to clear forests and vegetation, and claim permits for regrowth. There would, of course, be no greenhouse value in having this happen. The response from the department was that the land based sectors were too hard to measure and that, in any event, state governments such as Queensland and New South Wales had introduced native vegetation clearing controls, which were dealing with these issues. I found this deeply ironic. The Howard government have done absolutely nothing to help the state governments put a stop to land clearing in Australia. Indeed, it has allowed its National Party MPs to run interference on everything the states do to try to protect native vegetation, yet here they are saying, 'We don't have to worry about incentives to retain native vegetation because the states are dealing with it.'

As I said earlier, business leaders are agitated about the lack of action and missed opportunities on emissions trading. For example, the global head of sustainability at Lend Lease, Maria Atkinson, has described the failure of the Prime Ministerial Task Group on Emissions Trading to recognise buildings as a key part of the carbon emissions trading scheme as a missed opportunity to drive deep and cost-effective emissions cuts and a lost economic opportunity. According to the Intergovernmental Panel on Climate Change, energy efficient buildings can cut projected greenhouse gas emissions in the building sector by about 30 per cent by 2030. Maria Atkinson says we need a carbon emissions trading scheme that allows commercial property developers and owners to accrue and sell credits for emissions cuts achieved through energy efficiency measures.

The bill before the House establishes a single national framework for reporting greenhouse gas emissions, emission reduction actions and energy consumption and production by corporations from 1 July next year. It is seen to be a necessary precursor to the introduction of emissions trading. It is stated that by the 2010-11 financial year the reporting framework will apply to approximately 700 companies that emit more than 50 kilotons. Essentially, it is being rushed through the parliament so that the government can claim that it has passed primary emissions trading legislation. We have been able to identify, in the very short time we have been given to examine the details of the bill, some serious shortcomings and unintended consequences which may increase the compliance burden for industry such as legal costs to deal with ambiguities, and the risk that the bill may undermine either current or future state based programs to tackle climate change.

Many of those who presented submissions to the Senate inquiry expressed concern about the bill. Major emitters testified that the bill was not consistent with previous positions or agreements made between the states and the Howard government at COAG. Environment groups testified that the reporting thresholds were too high and that more information should be publicly disclosed. The Investor Group on Climate Change and environment groups were of the opinion that the time frame was too slow. Indeed, the state governments opposed the bill in its current form and recommended significant amendments. Of concern to both industry and conservation groups was that the bill leaves many of the practical measures to be determined at a later date by regulation and by ministerial

decree. The majority of the submissions to the inquiry expressed concern that too much was left to regulation and, instead, some of these provisions ought to be placed in legislation to provide greater certainty.

It is a view of Labor that we need a comprehensive mandatory greenhouse gas emissions and energy reporting scheme. Mandatory reporting is a critical first step towards the implementation of a national scheme and we have had a longstanding commitment to emissions trading as, in our view, a practical, sensible and flexible approach to reducing greenhouse emissions. However, the slow-start time frame and reporting thresholds that this bill sets out may be insufficient to meet the reporting needs of an emissions trading scheme with the aim of beginning in 2010. We have a Treasurer who talks about debt, deficits and living beyond our means. Global warming is the ultimate example of living beyond our means and leaving the debt to future generations. We have before us rushed, panic stricken, last-minute legislation that is all about being seen to be doing something, not addressing the future. This is a government which has no vision for the future. When the Prime Minister was asked by an ABC reporter this week what his vision for the future was there was an embarrassing pause and silence. There is nothing, so we get this kind of running up and down on the one spot that is designed to generate the illusion of activity.

**The SPEAKER**—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.