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FORTY-SECOND PARLIAMENT
FIRST SESSION—SIXTH PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

Senate Officeholders
President—Senator Hon. John Joseph Hogg

Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Opposition in the Senate—Senator Hon. Eric Abetz
Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Stephen Shane Parry

Senate Party Leaders and Whips
Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of the Nationals—Senator Fiona Nash
Leader of the Australian Greens—Senator Robert James Brown
Deputy Leader of the Australian Greens—Senator Christine Anne Milne
Leader of the Family First Party—Senator Steve Fielding
Chief Government Whip—Senator Kerry Williams Kelso O’Brien
Deputy Government Whips—Senators Donald Edward Farrell and Anne McEwen
Chief Opposition Whip—Senator Stephen Shane Parry
Deputy Opposition Whips—Senators Judith Anne Adams and David Christopher Bushby
The Nationals Whip—Senator John Reginald Williams
Australian Greens Whip—Senator Rachel Mary Siewert
Family First Party Whip—Senator Steve Fielding

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(1) Chosen by the Parliament of South Australia to fill a casual vacancy vice Amanda Eloise Vanstone, resigned.
(2) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Ian Campbell, resigned.
(3) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Christopher Martin Ellison, resigned.
(4) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

PARTY ABBREVIATIONS
AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Liberal Party;
FF—Family First Party; LP—Liberal Party of Australia; NATS—The Nationals

Heads of Parliamentary Departments
Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—A Thompson
RUDD MINISTRY

Prime Minister                      Hon. Kevin Rudd, MP
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Treasurer                           Hon. Wayne Swan MP
Minister for Immigration and Citizenship and Leader of the Government in the Senate
Minister for Defence and Vice President of the Executive Council
Minister for Trade                   Hon. Simon Crean MP
Minister for Foreign Affairs and Deputy Leader of the House
Minister for Health and Ageing      Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigenous Affairs
Minister for Finance and Deregulation
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Minister for Innovation, Industry, Science and Research
Minister for Climate Change and Water
Minister for the Environment, Heritage and the Arts
Attorney-General
Cabinet Secretary, Special Minister of State and Manager of Government Business in the Senate
Minister for Agriculture, Fisheries and Forestry
Minister for Resources and Energy and Minister for Tourism
Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services

[The above ministers constitute the cabinet]
Minister for Veterans’ Affairs  Hon. Alan Griffin MP
Minister for Housing and Minister for the Status of Women  Hon. Tanya Plibersek MP
Minister for Home Affairs  Hon. Brendan O’Connor MP
Minister for Indigenous Health, Rural and Regional Health and Regional Services Delivery  Hon. Warren Snowdon MP
Minister for Small Business, Independent Contractors and the Service Economy, Minister Assisting the Finance Minister on Deregulation and Minister for Competition Policy and Consumer Affairs  Hon. Dr Craig Emerson MP
Assistant Treasurer  Senator Hon. Nick Sherry
Minister for Ageing  Hon. Justine Elliot MP
Minister for Early Childhood Education, Childcare and Youth and Minister for Sport  Hon. Kate Ellis MP
Minister for Defence Personnel, Materiel and Science and Minister Assisting the Minister for Climate Change  Hon. Greg Combet AM, MP
Minister for Employment Participation and Minister Assisting the Prime Minister on Government Service Delivery  Senator Hon. Mark Arbib
Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government  Hon. Maxine McKew MP
Parliamentary Secretary for Defence Support and Parliamentary Secretary for Water  Hon. Dr Mike Kelly AM, MP
Parliamentary Secretary for Western and Northern Australia and Parliamentary Secretary for Disabilities and Children’s Services and Parliamentary Secretary for Victorian Bushfire Reconstruction  Hon. Gary Gray AO, MP
Parliamentary Secretary for International Development Assistance  Hon. Bill Shorten MP
Parliamentary Secretary for Pacific Island Affairs  Hon. Bob McMullan MP
Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Trade  Hon. Anthony Byrne MP
Parliamentary Secretary for Social Inclusion and Parliamentary Secretary for the Voluntary Sector  Senator Hon. Ursula Stephens
Parliamentary Secretary for Multicultural Affairs and Settlement Services  Hon. Laurie Ferguson MP
Parliamentary Secretary for Employment  Hon. Jason Clare MP
Parliamentary Secretary for Health  Hon. Mark Butler MP
Parliamentary Secretary for Innovation and Industry  Hon. Richard Marles MP
SHADOW MINISTRY

Leader of the Opposition
The Hon. Malcolm Turnbull MP

Shadow Minister for Foreign Affairs and Deputy Leader of the Opposition
The Hon. Julie Bishop MP

Shadow Minister for Trade, Transport, Regional Development and Local Government and Leader of The Nationals
The Hon. Warren Truss MP

Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate
Senator the Hon. Nick Minchin

Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate
Senator the Hon. Eric Abetz

Shadow Treasurer
The Hon. Joe Hockey MP

Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House
The Hon. Christopher Pyne MP

Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design
The Hon. Andrew Robb AO, MP

Shadow Minister for Finance, Competition Policy and Deregulation
Senator the Hon. Helen Coonan

Shadow Minister for Human Services and Deputy Leader of The Nationals
Senator the Hon. Nigel Scullion

Shadow Minister for Energy and Resources
The Hon. Ian Macfarlane MP

Shadow Minister for Families, Housing, Community Services and Indigenous Affairs
The Hon. Tony Abbott MP

Shadow Special Minister of State and Shadow Cabinet Secretary
Senator the Hon. Michael Ronaldson

Shadow Minister for Climate Change, Environment and Water
The Hon. Greg Hunt MP

Shadow Minister for Health and Ageing
The Hon. Peter Dutton MP

Shadow Minister for Defence
Senator the Hon. David Johnston

Shadow Attorney-General
Senator the Hon. George Brandis SC

Shadow Minister for Agriculture, Fisheries and Forestry
The Hon. John Cobb MP

Shadow Minister for Employment and Workplace Relations
Mr Michael Keenan MP

Shadow Minister for Immigration and Citizenship
The Hon. Dr Sharman Stone

Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts
Mr Steven Ciobo MP

[The above constitute the shadow cabinet]

(1) The Hon. Malcolm Turnbull MP was replaced by The Hon. Tony Abbott MP as Leader of the Opposition on Tuesday, 1 December 2009.
SHADOW MINISTRY—continued

Shadow Minister for Financial Services, Superannuation and Corporate Law
The Hon. Chris Pearce MP

Shadow Assistant Treasurer
The Hon. Tony Smith MP

Shadow Minister for Sustainable Development and Cities
The Hon. Bruce Billson MP

Shadow Minister for Competition Policy and Consumer Affairs and Deputy Manager of Opposition Business in the House
Mr Luke Hartsuyker MP

Shadow Minister for Housing and Local Government
Mr Scott Morrison MP

Shadow Minister for Ageing
Mrs Margaret May MP

Shadow Minister for Defence Science and Personnel and Assisting Shadow Minister for Defence
The Hon. Bob Baldwin MP

Shadow Minister for Veterans’ Affairs
Mrs Louise Markus MP

Shadow Minister for Early Childhood Education, Childcare, Status of Women and Youth
Mrs Sophie Mirabella MP

Shadow Minister for Justice and Customs
The Hon. Sussan Ley MP

Shadow Minister for Employment Participation, Training and Sport
Dr Andrew Southcott MP

Shadow Parliamentary Secretary for Northern Australia
Senator the Hon. Ian Macdonald

Shadow Parliamentary Secretary for Roads and Transport
Mr Don Randall MP

Shadow Parliamentary Secretary for Regional Development
Mr John Forrest MP

Shadow Parliamentary Secretary for International Development Assistance and Shadow Parliamentary Secretary for Indigenous Affairs
Senator Marise Payne

Shadow Parliamentary Secretary for Energy and Resources
Mr Barry Haase MP

Shadow Parliamentary Secretary for Disabilities, Carers and the Voluntary Sector
Senator Mitch Fifield

Shadow Parliamentary Secretary for Water Resources and Conservation
Mr Mark Coulton MP

Shadow Parliamentary Secretary for Health Administration
Senator Mathias Cormann

Shadow Parliamentary Secretary for Defence
The Hon. Peter Lindsay MP

Shadow Parliamentary Secretary for Education
Senator the Hon. Brett Mason

Shadow Parliamentary Secretary for Justice and Public Security
Mr Jason Wood MP

Shadow Parliamentary Secretary for Agriculture, Fisheries and Forestry
Senator the Hon. Richard Colbeck

Shadow Parliamentary Secretary for Immigration and Citizenship and Shadow Parliamentary Secretary Assisting the Leader in the Senate
Senator Concetta Fierravanti-Wells
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Monday, 30 November 2009

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 10 am and read prayers.

BUSINESS

Rearrangement

Senator MILNE (Tasmania) (10.01 am)—by leave—I move:

That, on each calendar day from Monday, 30 November 2009 until the Senate has finally dealt with the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and 10 related bills:

(a) the hours of meeting shall be 10 am to 6.30 pm and 7.30 pm to 10 pm and if the Senate is still sitting at 10 pm, the sitting of the Senate be suspended till 10 am the following day; and

(b) the question for the adjournment of the Senate shall be proposed after the Senate has finally considered the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and 10 related bills, including any messages from the House of Representatives.

Senator PARRY (Tasmania) (10.02 am)—by leave—I move:

(1) Omit “on each calendar day from”, substitute “today,”.

(2) Paragraph (a), before “6.30 pm”, insert “12.30 pm, 1.30 pm to”.

The main reason to include a lunch hour as well as a dinner break is that I am thinking in particular of Senator Xenophon and Senator Fielding. They have to maintain presences in this chamber throughout the entire debate, and I think it is only fair that they have the opportunity to leave the chamber on two separate occasions.

Honourable senators interjecting—

The PRESIDENT—Order! When there is silence we will proceed.

Senator PARRY—Thank you, Mr President. It is amazing that the objections to fair work practice come from the other side. With those comments, I commend the amendments to the Senate.

Senator FIELDING (Victoria—Leader of the Family First Party) (10.04 am)—Mr President, I would like to move an amendment to the amendments.

The PRESIDENT—Foreshadow it.

Senator FIELDING—Don’t you move the amendment?

The PRESIDENT—All right.

Senator FIELDING—I move:

after “Monday, 30 November 2009”, insert “until Friday, 4 December 2009”; and after “finally dealt with the”, insert “committee stages of the”.

Add:

(c) the third reading of the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and 10 related bills not be put until the third sitting day in February 2010.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (10.05 am)—I admit, when rising to my feet, that I am a little confused about the amendments to the amendments to the amendments. I think it is intended that the Liberal Party are seeking to support the Greens motion that we adjourn at 10 pm this evening but for this day only. I think that is the intent of the Liberal amendment. I think the intent of Senator Fielding’s amendment is to again move his deferral motion which would prevent us continuing to debate the climate change legislation until February.

Senator Fielding interjecting—

The PRESIDENT—Order! Is this a point of order or a debating point, Senator Fielding? If it is a debating point, you can seek leave to clarify it later.

Senator CHRIS EVANS—If I have misinterpreted Senator Fielding, it would probably be helpful if we actually made it clear. I
am sure the Senate would give him leave. If I have misinterpreted what he is doing, and because the amendments have not been circulated, I think we need to be clear on what we are voting on.

Senator FIELDING (Victoria—Leader of the Family First Party) (10.06 am)—by leave—To clarify, I am not saying the debate should be stifled. I am saying that the committee stage would proceed, allowing the debate to happen, but the third reading would be put next year. It would allow the whole debate to happen but the third reading would be put next year.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (10.07 am)—I stand by my interpretation that it is effectively a deferral motion. I just reiterate the Labor government’s position on this matter. We think the need for action against climate change is urgent. We have done for some time. That is why we went to the last election with a policy that committed us to action on climate change. It is also the reason why the Greens went to the last election with a policy for action on climate change. And it is also the reason why the coalition, the then government, went to the election seeking urgent action on climate change. John Howard argued that the Liberal Party had a commitment to urgent action on climate change and that they would introduce an emissions trading scheme. That is the policy that the Liberal Party and the coalition took to the election: a commitment to the Australian people that they would support urgent action on climate change.

For two years now this government has pursued an open process of trying to debate in the Australian community the need for action on climate change and to shape an appropriate policy response. Senator Wong and others have put a great deal of work into that. We are now in a position where a few weeks ago we entered into a good faith negotiation with the Liberal Party to get broad parliamentary support for the Carbon Pollution Reduction Scheme, which would give business and the general community certainty about the future of an ETS. Mr President, as you know, we negotiated that agreement in good faith with the Liberal Party, and last week the Leader of the Liberal Party said we had a deal. It was taken to the party room of the Liberal Party and they said we had a deal. Now it seems that the Liberal Party refuse to honour that deal because not only did we have a deal on the passage of the legislation as amended but we had a deal that the Liberal Party would assist us in gaining passage of that legislation.

The Liberal Party agreed that the Senate would sit until we passed that legislation and that, if it was not completed on Friday, we would come back today and sit until it was completed. They agreed to this because of their concerns about voting for a guillotine. They committed to the fact that today we would sit until we completed the bill. That was the commitment; that was the deal; that was the promise.

It comes as no surprise to anyone that the Liberals have abandoned that commitment. They have reneged on that commitment. By moving the amendment and supporting the Greens motion, they give effect to a further betrayal of the arrangements which they entered into and which they publicly agreed to. I suppose it is no surprise to anyone that the Liberal Party would engage in such behaviour. Given the way they have treated each other over the last week or two, a betrayal of the Liberal Party is probably no surprise at all. The way they have treated each other is one of the worst examples of betrayal and treachery we have seen in Australian politics for many a year.
The key point is that this is all about delaying a vote until the party room meets tomorrow. This is all about the Liberal Party delaying the vote until such time as those who are in rebellion against the current leader have an opportunity to change the policy. They have made it clear that they want to change the policy and change the leader. They will not accept the authority of any leader who supports action on climate change. The right of the party are in absolute revolt. They refuse to accept the policy they took to the election, they refuse to accept the policy of the party room and they refuse to accept the authority of any leader who does not reject the need for action on climate change.

So we are in the situation today where we are continuing with this pretence. The Liberal Party pretends that we are continuing to have a serious debate on the legislation while the senators led by Senator Minchin seek to undermine the leadership in order to avoid honouring the deal to support our ETS legislation. It is not just about seeking to defer the legislation. Senator Minchin and other conservative senators in this place have argued that a delay is necessary, but you only have to analyse their speeches and what they said in the second reading debate to understand their view. I think Senator Minchin described it as ‘an abomination’. So on one hand Senator Minchin says we need delay to look at the detail and on the other he says it is an abomination. That seems to me to be a fairly strong statement for someone who says he just wants to look at the detail. If you run through those speeches by Liberal senators, you will find that a vast majority of them actually argued they do not believe in climate change—they do not believe in human contribution to climate change. So it is not about the legislation; it is about the victory of the climate change deniers inside the Liberal Party.

The climate change deniers inside the Liberal Party have insisted that climate change does not exist, that action against climate change is not necessary and that they will not accept the authority of any leader who supports action against climate change. What we have today is a group of senators committed not only to making sure there is no action against climate change but to ensuring there is never a Liberal Party leader who is not opposed to effective action on climate change. They will not accept the authority of a leader who is committed to climate change action.

Mr Hockey is now faced with a Faustian bargain. He can have the leadership provided the deniers get their way. He can have the leadership provided he is prepared to sell his soul to Senator Minchin and the climate change deniers, because there is no other basis on which they will allow someone to lead the Liberal Party. They will not accept the vote of the party room, they will tear down the leaders and they will tear the whole party apart rather than accept action on climate change.

So Mr Hockey is faced with this Faustian bargain: to become leader he will have to toe their line, sell his soul to the climate change deniers and make the bargain that says, ‘You can be leader, but not of any party that is committed to climate change action.’ We are in the situation where not only have they reneged on their election promises—

Senator Ian Macdonald—Mr President, I rise on a point of order. I appreciate that we allow a very wide-ranging debate on these types of motions, but comments about Mr Hockey or anybody else have absolutely nothing to do with the motion before the chair.

Government senators interjecting—

Senator Ian Macdonald—We are wasting—
The PRESIDENT—Order! On my right—I need order!

Senator Ian Macdonald—Mr President, we are wasting valuable time when we could be questioning the minister on this bill in committee and giving Senator Evans the indulgence of having a little political speech about particular people—and maligning most of them, I might say. I ask you to bring him to order and refer his comments to the motion before the chair.

The PRESIDENT—There is no point of order. Continue, Senator Evans.

Senator CHRIS EVANS—This is very much about the motion, because this is about the Liberal Party reneging on a public agreement to bring this debate to a close and to support our legislation. That was the commitment you made to us; that was the commitment you made publicly. But, as I said, you have reneged on your election commitment to do this and you are prepared to tear down a leader to make sure it does not happen. Senator Minchin and Senator Bernardi—the climate change deniers—have said they will not accept any leader who is not prepared to make that bargain with them—that you will not have effective action on climate change. So the Liberal Party are in this position where they refuse to accept their own party room decision and are ensuring that there is no effective action on climate change. They argue that it is about delay and examination and, of course, everyone in Australia knows it is not: again, today they want to have a delay. They want to continue to run, but they cannot hide. In the end you have got to front up to your responsibilities; you have got to front up in this chamber and vote on the government’s proposal—just as you promised you would at the election and just as you promised you would last week.

Despite the total disarray in the Liberal Party, we would expect them to honour their commitment. What this motion is about is, again, breaching their commitments. They have no credibility left in this parliament and they have no credibility left in this community because they will breach any commitment and breach any promise, be it to the Australian people, the Australian Labor Party or anyone. They will—

Senator Minchin interjecting—

Senator CHRIS EVANS—Senator, you may not like it, but your treachery has been on display all week. Being duplicitous with us is one thing but being duplicitous with your own leader is, I think, quite another—but you will be judged on that. The point I want to make is that the Liberal Party signed up to an agreement that would see us complete this bill this week—that we would sit today until we had resolved it. That was your public commitment, and by voting for the Brown motion and voting for your amendment you, again, renege on a deal. You again prove your word is worth nothing; you again prove that you stand for nothing and that you will do anything other than support action on climate change.

We will oppose this motion because it reneges on a public agreement. You again seek to delay and to defer, because you will not accept your responsibilities and because, fundamentally, the Liberal Party in the Senate is dominated and led by people who deny the human impact on and contribution to climate change. You will not, therefore, support effective action. That is why we oppose this hours motion and that is why we say the Senate ought to get on with the job. We have had two years of debate, and this is the second time we have attempted to get the bill through. We allowed a full fortnight last week, and all we got was filibustering and delay. The climate sceptics generally did not even come to the chamber.

Senator Minchin—You’re filibustering!
Senator CHRIS EVANS—Senator Minchin, the Australian community knows your position on this. You may not like it, but you are exposed because what you are doing is undermining your own party, undermining your own leader and insisting that no leader can be elected by the Liberal Party unless he sells his soul to you and denies the effects of human action on climate change. We will oppose the amendment, we will oppose the Brown motion and we call on the Liberal Party to honour its agreement with us.

Senator PARRY (Tasmania—Manager of Opposition Business in the Senate) (10.20 am)—Senator Evans talked about breaking an agreement with the public. We made no agreement to have a one-hour dinner break. That was not breaking an agreement. This is a procedural matter on the sitting hours of the Senate. Senator Evans talked to matters totally not relevant to the debate. He wasted 15 minutes in the committee stage on Friday speaking about this. He has now taken another 11 minutes out of the committee stage and we want to get on with this. If Senator Evans were to be honest with the people, this matter goes to the heart of the problem. The Prime Minister will be embarrassed—

Government senators interjecting—

The PRESIDENT—Order! When we have silence we will proceed.

Senator PARRY—I wish to place on record that my earlier contribution to this debate took less than two minutes, and I will not speak very long this time. We are not going to waste the same amount of time as the government did, but the crux of this is that the government are embarrassed because the Prime Minister cannot get his agreement to run around the world to show off with. That is all this is. It has nothing to do with the hours of this place. We want sensible hours so we can have a sensible debate. Senator Xenophon and Senator Fielding, being Independents, have no backup support in their party structures, so they need to have some time out. I place on the record, in relation to the amendment to my amendment, that we will not be supporting Senator Fielding’s amendment and we will not be wasting any more time, as the government have been.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10.22 am)—This seems like a bad deal between the government and the opposition coming to a bad end. I would have thought the government would support an amendment to an arrangement for some decency in the working hours of this place. That is what we have moved to do. It is reasonable that senators, after 24 hours, here have overnight before coming back. It might be necessary to sit for 12-hour shifts, but to sit 24-hour shifts is a bit beyond the pale. Those of us who have been here for a while know what that means. It means a great deal of failure to move on and pale faces and crankiness in the early hours of the morning. It is a very reasonable amendment. I think we can work out an arrangement to move forward. I take it from Senator Parry’s contribution that the new coalition does not think it will need more than tomorrow to dump the emissions trading scheme. As far as the Greens are concerned—

Government senators interjecting—

Senator Cormann—Defer it.

Senator BOB BROWN—We will sit all week if you want to put it through. Let me say on the matter of deferral that opposition senators have interjected about that the opposition went into an arrangement with the government to transfer an extra $7 billion or $8 billion to the polluters, $6 billion coming out of the household allocation under the government’s already poor legislation. It was an opposition suggestion that that be done, and then the opposition party room discussed that for eight hours. It seems a bit strange to
say the least, and very poor process to be more direct about it, that the opposition now wants to defer legislation it put forward effectively and it made up its mind on in a long party room deliberation until some time next year.

How unedifying is it that every member of the opposition looked at that deal of taking money out of households and putting it into the polluters? That is basically what the new arrangement is. Every member went through that; every member spent hours debating it and now they say they want a committee. Now that the arrangement has fallen down, they say, ‘We want a committee.’ That is an insult to voting Australians because it means that the party process is now overtaking the deliberations about emissions trading and an outcome for the Australian people.

I have to say this: in the middle of all this, the Greens have been consistent about where we are going. We know what the outcome should be. It is what the global experts are telling us this nation should be doing—that is, a target of 25 to 40 per cent distributed in a way which would help households, small business and innovators in this country. There you go. It is in this corner of the chamber that the consistency resides and will reside in this issue. I would say—I am not revealing secrets here—that I wrote twice to the Prime Minister in September and October, suggesting in the first of those letters that we sit this week for this very deliberation, and I got no response at all. There was no reply, so disdainful was the Prime Minister of Senate process.

But here we are now on the run sitting this week. The Greens are bringing some order and some suggestions for probity in the way in which we proceed so that, whatever the outcome, at least people are doing it with a modicum of good humour and with neurones intact so that detail can be looked at with the care and concern that the people of Australia deserve from us. We are happy to include a lunchtime. That is a sensible suggestion. If this motion is limited until tomorrow night then there may have to be some further procedural change after that. We would prefer the motion as it stands and it does have a dinner hour built in, so let us proceed on that basis. The idea of sitting all night tonight and then through certain party room deliberations tomorrow is simply silly and it is time it was rejigged.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (10.27 am)—It seems interesting that the Labor Party’s approach to the Senate now is to become mercenary, belligerent and arrogant. It has not taken very long for the Labor Party to change. It has not taken very long for them to put aside any desire for reasonable working hours, the said decency in working hours as put forward by Senator Brown. The Labor Party insist that they are going to try and pursue this case, even though they are getting thousands of emails telling them that the Australian people want this investigated.

The Australian people do want the appropriate policy response, but they do not acknowledge that the appropriate policy response is Minister Wong’s or Kevin Rudd’s appropriate policy response. In fact, that is not the only policy that is before us. We can look at a whole range of things, but the Labor Party, belligerent and arrogant as they have become, are going to try to bulldoze this through. They will vote for us to sit here forever because that is the new approach of the Labor Party. That is the type of party the Labor Party has become. And when they talk about a Faustian bargain, you sign a Faustian bargain as soon as you join the Labor Party because either you agree with them or you are kicked out. That is the only position they have in the Labor Party. Every time you sign
up to the Australian Labor Party, you sell your soul.

*Government senators interjecting—*

**The PRESIDENT**—Senator Joyce, wait a moment. You are entitled to be heard in silence. On my right: silence! Order!

*Senator JOYCE*—This chamber will do its job in reviewing and amending legislation, and it will have the appropriate time and will follow the appropriate process. What we currently have with the Australian Labor Party is the $8.5 billion in extra costs and the $5.5 billion in savings from households, a $14 billion turnaround. They want to bulldoze that through. They do not want anybody to look at it. They do not want this Senate to do its job in reviewing and amending legislation and representing the rights of the people in determining how their money is spent. They know that the jig is up on the ETS, because the Australian people have seen through it. They are showing the Australian people just how arrogant they have become, showing the Australian people just how duplicitous they have become, showing the Australian people how they are willing to put aside the aspirations that are overwhelmingly seen in polls, where 60 per cent of people want a delay till after Copenhagen. But the Australian people want the appropriate policy response. They do not agree that this is appropriate and they do not agree that this is good for our nation.

*Senator IAN MACDONALD* (Queensland) (10.33 am)—Unlike the Leader of the Government in the Senate, I will not be filibustering for 15 minutes—

*Government senators interjecting—*

**The PRESIDENT**—Order! I will not ask the speaker to proceed until there is order. Senator Macdonald.

*Senator IAN MACDONALD*—I will repeat myself because I am sure nobody would have heard what I was saying because of the rabble over there. Unlike the Leader of the Government in the Senate, who wasted 15 minutes of our debating time on a wildly inaccurate political speech, I intend to make my contributions very short. I think the amendment proposed by Senator Parry is the appropriate one and should be supported. I point out that Senator Evans’s justification...
for making us sit 24 hours a day without
meal breaks for as long as it takes—and that
seems to be the position of the 'workers'
party'—is that this requires urgent action. I
point out the hypocrisy of that with the gov-
ernment’s own legislation not wanting this
scheme to take effect—

Senator Chris Evans—It’s the agreement
with you. You’re voting against the Brown
motion?

Senator Abetz—No.

The PRESIDENT—Senator Evans and
Senator Abetz, conducting your private de-
bate across the chamber is disorderly. I am
trying to listen to Senator Macdonald. He is
entitled to be heard in silence.

Senator IAN MACDONALD—Under
the government’s legislation this scheme
does not take effect until 1 July 2011—19
months away. The government wants us, in
the next 19 minutes or perhaps the next 19
hours, to make a decision on an issue that it
is not going to implement for 19 months. I
will only say that as I do not want to hold up
the Senate, but I think the Australian public
need to know the hypocrisy of the Labor
Party in demanding an urgent conclusion to
this deal—this legislation which it says is
vital to the world but which does not com-
mence until 19 months time.

Senator XENOPHON (South Australia)
(10.35 am)—I indicate that I do support rea-
sonable sitting hours. Fatigue scientists say
that staying awake for 18 hours or longer is
like having a blood alcohol level of 0.05 or
higher. I would have thought that if any bills
require sober reflection it is these Carbon
Pollution Reduction Scheme bills. Fatigue
scientists also say that the longer you are
awake the risk of hallucinations, paranoia
and blurred vision increase. Memory and
concentration lapse aside, I do not think it is
reasonable that we have unreasonable sitting
hours. I do not think legislation by exhaus-
tion is the way to deal with the most import-
ant structural change to Australia’s econ-
omy. I support reasonable sitting hours. I
think the outstanding question is whether we
deal with this on Tuesday until it is con-
cluded or whether there are reasonable sit-
ting hours for that day as well. I look for-
toward the amendments in relation to that,
but I do not support our sitting around the
clock.

The PRESIDENT—Senator Fielding,
there is some confusion: you have spoken to
the amendment you moved. Are you seeking
leave to make a further statement?

Senator Fielding—Yes.

The PRESIDENT—Is leave granted?
There being no objection, leave is granted.

Senator FIELDING (Victoria—Leader
of the Family First Party) (10.37 am)—by
leave—The reason I moved the amendment
was that we should wait until after we know
what the rest of the world is committing to. I
have been through this in my speech on the
second reading and I will not go through it
again. That is the reason I am happy to have
the discussion and debate in the committee
stage. I suppose it will be a bit of a sham of a
debate about the amendments, but we should
be waiting until we see what the rest of the
world is committing to. That is the substan-
tive issue. That is why the third reading
should not be put until February next year.

As I was walking into this chamber this
morning, I happened to be listening to pro-
cedings in the lower house. A statement was
made—and I am happy to be corrected—by
Mr Stephen Smith that the Carbon Pollution
Reduction Scheme ‘regrettably’ was in the
hands of the Senate. Regrettably! What does
he mean by ‘regrettably’? This is the cham-
ber that allows time to be spent on the issue.
It is not a rubber stamp. You cannot extend it
as a place of the lower house. This is the
Senate and it deserves to make sure that leg-
islation is properly questioned and properly scrutini
d. To be absolutely real, the Austro-
lia public know that there has been less than
a few short days to look at the changes that
have been agreed to—we thought agreed to—with the coalition. I was listening to
Senator Abetz last week and I have the Han-
sard here—

Senator Wong—Mr President, a point of
order: the senator was granted the courtesy
de the chamber to give a short statement. He
is simply redebating the point he has already
made. It really is not consistent with the
courtesy extended to him. It is simply a reit-
eration of the arguments he put before.

The President—There is no point of
order. Senator Fielding, you are in order.

Senator Fielding—We do need to
scrutinise the legislation. My second point is
that it is interesting how the opposition now
want fair hours of sitting. I can remember
sitting ridiculous hours many a time under
the Howard government. I really appreciate
them worrying about my waistline and mak-
sure that I have my lunches and my tea
breaks. Senator Xenophon and I have already
sussed about sharing lunch together on the
actual issues but, really, it is a joke. I have
said before, many times, that we do need to
have dinner breaks and lunch breaks. We
need to have a break to allow us to really
properly consider things. Bulldozing things
through this chamber is wrong.

Senator Wong (South Australia—
Minister for Climate Change and Water)
(10.40 am)—There have been a few mo-
ments of irony in this debate; one of them is
Senator Joyce yelling in the chamber, accus-
ing others of belligerence, and the other is
Senator Macdonald, after having been part of
a party room which agreed to take action on
climate change, lecturing the chamber about
hypocrisy.

But let no-one be under any illusion about
what is happening today, here in this place.
The Liberal Party is preparing to walk away
from the national interest. That is what is
happening here today. The Liberal Party is
preparing to walk away from action on cli-
mate change. A procedural game is happen-
ing, consistent with what has been happening
for days—and all of last week—ever since
those on the other side who cannot stomach
taking action on climate change lost a vote in
their party room: that is, procedural games in
this chamber, designed to maximise the
chance that they can avoid action on climate
change. These are people, on that side of the
chamber, who will do and say anything—
including seeking to destroy their own—
rather than take action on climate change.
That is what is happening today.

Why is that? Why are they preparing to
walk away from action on climate change?
The reason is not that it is in the national
interest. They do not want to do this because
it is in the national interest; they are walking
away from this because it serves their party
political interests and it serves their extreme
views. Everybody in Australia who has paid
passing notice to this debate will know that
Senator Minchin and others who hold ex-
treme views on this issue have done nothing
but try to work out how to run a campaign in
their own party to avoid action on climate
change.

The Senate has been a sideshow for the in-
ternal divisions in the Liberal Party. This
chamber has been a sideshow whilst they try
to get the numbers in their own party room,
including attempting to tear their leader
down. No-one watching this debate can be
under any illusion as to why that is the case.
The fact is that we, as the government, nego-
tiated a deal with the opposition in good faith
both on content of the bill and on procedure.
It was an agreement to deliver this legisla-
CHAMBER
ing representatives and your leader. It was an agreement that would ensure the Australian parliament took action on climate change. We on this side say that the coalition should honour its commitment that there will be a final determination by the Senate on these bills as they agreed.

Senator Bernardi—Who’s your leader? He’s gone.

Senator Wong—Senator Bernardi, you can continue to interject—

The President—Order! Senator Bernardi, it is disorderly to constantly interject.

Senator Wong—but everybody knows you started out months ago, along with your boss, Senator Minchin, trying to tear this down. Everybody knows that.

Senator Bernardi—What’s news about that?

Senator Wong—I will take that interjection: ‘What’s news about that?’ There is nothing new about that. It is the same old tactic that you have engaged in for over a decade. Why does anybody think that they will change their minds? If we defer this, as they wish to, until after Copenhagen, does anybody honestly believe that Senator Minchin, who claims that action on climate change is an abomination and climate change itself is some form of left-wing conspiracy, is magically going to alter by the passing of a couple of months? I think not.

This is not an issue of scrutiny, because this legislation has been very thoroughly debated. It has been in draft form before this parliament since March, it has been before this parliament since May and it has been the subject of Senate inquiries. It has been debated once already in this chamber and voted down. It has been in the Senate—

Senator Joyce—I rise on a point of order, Mr President. I want the minister to refer us to which committee the amendments have gone to to be deliberated over.

The President—That is not a point of order, Senator Joyce. That is a debating point, which can be taken up in the debate.

Senator Wong—This went through the coalition party room. This is one of those interesting cases where, if you do not like the outcome, you try and wreck it. That is what is occurring here. They are trying to wreck not only this agreement and this policy but their own party. That is how desperate they are to avoid acting on climate change. That is how desperate they are: they are avoiding going forward with their own policy. John Howard, the former Prime Minister, went to the last election saying, first, that climate change was real—that is different to you, Senator Bernardi—and, second—

Senator Bernardi—I rise on a point of order, Mr President. Senator Wong just said that I did not believe that climate change is real. I have stated on the record numerous times—

The President—Senator Bernardi, that is a debating point. You know it. There is no point of order. Senator Wong, address your comments through the chair. Senator Bernardi, it would help if you ceased interjecting.

Senator Wong—John Howard went to the last election acknowledging that climate change was real and promising to take action on it. John Howard went to the last election with a policy to put in place an emissions trading scheme, which according to him—

Senator Cormann—with the assumption that it would be part of a global scheme. Nobody talks about that.

The President—Senator Cormann, there is plenty of time, if these motions go through, for you to debate this later today.
Senator WONG—The truth hurts, doesn’t it, Senator Cormann? Senator Cormann may have forgotten that he went to the last election as a Liberal Party candidate promising to take action on climate change and promising to bring in an emissions trading scheme. I would like to remind those opposite that former Prime Minister Howard very recently described the scheme before this chamber as being very similar to the one that he would have put in place.

Honourable senators interjecting—

The PRESIDENT—Senator Wong, resume your seat. I will give you the call when there is silence.

Senator WONG—Those opposite, who consider themselves the standard bearers of the Howard era, might want to recall, first, that Mr Howard went to the last election promising action on climate change and an emissions trading scheme and, second, that even the former Prime Minister Howard has acknowledged that the legislation before the chamber is very similar, or not all that dissimilar, to the legislation that he would have implemented. But that does not matter, because those opposite have included in their ranks people so extreme that even John Howard looks like a greenie.

Senator Cormann—is the US going to have a scheme in 2010? China in 2015? India in 2020?

The PRESIDENT—Senator Cormann, I remind you that the time for debating this is either later today when the hours have been set or during the debate.

Senator Ferguson interjecting—

Senator WONG—Senator Ferguson is having a go at me about the amount of time I am taking in speaking. I want to make sure the chamber is aware of this. We have had some 15½ hours in committee debate. We have had some 21 hours on debate in the Senate on these bills. Anybody who looks at the Hansard will see what those opposite were trying to do. Australians know what you were trying to do. You wanted to delay the consideration in this chamber until you had a party room meeting to give yourselves time to destabilise your leader. What an extraordinary political campaign! This Senate has been a sideshow to your internal ructions.

I want to make a further point. The difficulty for the Liberal Party is this: what was in the national interest last week they are now preparing to walk away from. I would remind them that, for example, Mr Hockey said on 25 November:

… Malcolm—Mr Turnbull—is acting in the party’s interest and in the nation’s interest.’

He went on to say that the Liberal Party was ‘going to do the right thing on behalf of the Australian people’—and that was to vote for this legislation, as amended, and to vote for it in the time frame agreed with the government.

The question confronting all members and all senators of the Liberal Party is this: how is it that something that was in the national interest last week is now no longer in the national interest? How is it that something that was important and the right thing to do last week suddenly is no longer important and no longer right? I notice how quiet they have become, Mr President. The only difference is that the extreme hardliners inside the Liberal Party—

Senator Joyce—Mr President, I rise on a point of order. This bill in its final form has not spent one hour in an economics committee.

The PRESIDENT—That is not a point of order; that is a debating point.
Senator WONG—As I said, what was in the interest of the nation last week somehow has been morphed by the Liberal Party, who are now saying it is no longer in the nation’s interest. What was the right thing to do by the Australia people last week somehow has changed into no longer being in the interests of the Australian people. People do not believe them. People will not believe them. The reason is that everybody knows this has nothing to do with national interest. This has nothing to do with what is right for the Australian people. This has everything to do with the internal divisions inside the Liberal Party.

Senator Joyce interjecting—

The PRESIDENT—Order! Senator Wong, ignore the interjections.

Senator WONG—Senator Joyce interjects again and, really, he proves my point. Does anybody in this chamber believe that Senator Joyce’s interests in deferring this bill have anything to do with scrutiny? Absolutely not. It is just because he does not want to vote for the bill. He has always opposed it. It does not matter how much scrutiny there is, how many committee inquiries are held or how much evidence of what climate change means to the people who elected him is presented, Senator Joyce will not vote for action on climate change—end of story. That is the National Party and Senator Joyce’s position.

Senator Joyce—Mr President, I rise on a point of order. That is a complete misrepresentation.

The PRESIDENT—Senator Joyce, that is not a point of order. If you have been misrepresented, there are opportunities for you to speak later to correct the record.

Senator WONG—Earlier this year, we passed the 10th anniversary of when the first report on emissions trading was handed to the then Howard government. Since that time, we have had both major parties go to an election promising action on climate change and promising an emissions trading scheme as the lowest cost way to achieve that. For example, under the previous government we had the advice to John Howard that an emissions trading scheme was the way to go and that deferral and delay meant higher costs. That was the advice to the then Prime Minister before the last election. Both major parties went to the election promising the Australian people action on climate change. One party today is walking away from that commitment. Members of that party are walking away from commitments entered into with the government in good faith on both the content and the procedure of the legislation. I will close by simply reminding the chamber of this: we as senators were not sent here to delay and we as senators were not sent here by the Australian people to play procedural games. We were sent here to make decisions and we were sent here to vote, and we should.

A political party that is so irresponsible as to utilise the procedures in this chamber to delay whilst they go through their internal political process, seeking to overturn an agreement they do not like, is not worthy of government. If anybody has any doubt about what is really happening, they only need to look at what the Leader of the Opposition is saying about those in his ranks and what they are currently undertaking. The fact is: there is a group of senators and members in the extreme right of the Liberal Party who cannot countenance taking action on climate change. They have campaigned against it internally and externally. They have shown extraordinary disloyalty inside their own party. They have breached their own election commitments to the Australian people, they have walked away from the commitments entered into in good faith between the government and the opposition—on the content of the bill and on process. They have done it
because they simply do not want to act on climate change, and they will never change.

Senator MILNE (Tasmania) (10.55 am)—I rise to comment briefly—

The PRESIDENT—Are you speaking to the amendments?

Senator MILNE—Yes, to Senator Fielding’s amendments. It might well be that people have actually lost sight of what was moved here. When I stood today it was simply to ensure that we have decent working hours.

The PRESIDENT—I am very concerned that, as the mover, you may well be closing the debate in your speech. That is why I was quite specific. There are other senators who do want to speak in the debate. Are you speaking specifically to the amendments? You do have the right to an address in reply.

Senator MILNE—Mr President, I am just speaking to the amendments now, and I shall speak to close the debate when the debate closes. In speaking to the amendments, perhaps we can hasten that moment by making it clear that we will not be supporting Senator Fielding’s amendments to delay. The whole focus of the debate this morning is not to delay, and that is why we are opposing Senator Fielding’s amendments. I will make my further remarks at the end of the debate.

Senator ABETZ (Tasmania) (10.57 am)—There is no doubt that a filibuster is going on here. Mr Alistair Jordan from the Prime Minister’s office walks in, and all of a sudden the Labor Party can spend an hour determining whether or not we have a lunch break than debating the actual substantive issues. I would encourage all colleagues to keep their contributions very short so we can move to a vote.

The PRESIDENT—The question now is that the amendment to the amendments moved by Senator Fielding be agreed to.

Question negatived.

The PRESIDENT—Senator Parry has indicated to me privately that he will split his amendments—

Senator Ludwig—We know.

Senator Cormann—It’s got to be put on the record.

The PRESIDENT—And it will be put on the record by Senator Parry now.

Government senators interjecting—

Senator PARRY (Tasmania) (10.59 am)—I will ignore those comments from the other side. My amendments read:

1. Omit “on each calendar day from”, substitute “today.”.

2. Paragraph (a), before “6.30 pm”, insert “12.30 pm, 1.30 pm to”.

If the chamber is happy, I would like to split two elements of my amendments. The first part is to amend ‘each calendar day from Monday’. That would be one element of the amendments. The other part will be the consideration of the hours, being inserting a lunch break from 12.30 pm to 1.30 pm. Without going through the technical wording, those are the two elements.

The PRESIDENT—I do not have the amendments before me.

Senator SIEWERT (Western Australia) (10.59 am)—We seek clarification. Senator Parry also moved the amendment to change ‘the following day’ to 1 December, and that
is the element that we are keen to make sure we vote separately on.

Senator PARRY (Tasmania—Manager of Opposition Business in the Senate) (11.00 am)—by leave—Senator Siewert, through you Mr President, it was probably a superfluous addition when I first moved the amendment. By virtue of having today, Monday 30 November, at the commencement of the motion then really, tomorrow is Tuesday, so it does not really have any detrimental effect, and I understand it would really be in the first portion that you would want to say ‘on each calendar day’ where we are saying ‘today only’.

The PRESIDENT—I will put the second part of the motion: Senator Parry’s amendment reads ‘today’ and then changes the hours to between 10 to 12.30 and 1.30 to 6.30. Is there only one amendment or are there two?

Senator PARRY—By way of clarity I am moving that the Greens’ motion be amended in two parts. If we deal with the first part—that is, delete the words ‘on each calendar day from’ and insert the word ‘today’—that is the first amendment.

The PRESIDENT—that is the first amendment. All right, I will put that amendment.

Question negatived.

The PRESIDENT—the second amendment is that the hours change by 10 to 12.30 and 1.30 to 6.30, there is a break between 6.30 and 7.30 and then 7.30 till 10. This is Senator Parry’s motion.

Question agreed to.

Question put:

That the motion (Senator Milne’s), as amended, be agreed to.

The Senate divided. [11.08 am]

(The President—Senator the Hon. JJ Hogg)

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<tr>
<th>Ayes</th>
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AYES

Abetz, E.
Back, C.J.
Bernardi, C.
Boswell, R.L.D.
Brandis, G.H.
Bushby, D.C.
Coate, J.
Cormann, M.H.P.
Ferguson, A.B.
Fierravanti-Wells, C.
Fisher, M.J.
Heffernan, W.
Johnston, D.
Kroger, H.
Macdonald, I.
McGauran, J.J.
Minchin, N.H.
Parry, S.
Ronaldson, M.
Siewert, R.
Trood, R.B.
Xenophon, N.

NOES

Arbib, M.V.
Bishop, T.M.
Cameron, D.N.
Collins, J.
Crossin, P.M.
Farrell, D.E.
Feeney, D.
Furner, M.L.
Hurley, A.
Ludwig, J.W.
Marshall, G.
McLucas, J.E.
O’Brien, K.W.K.
Pratt, L.C.
Stephens, U.
Wong, P.

Adams, J.
Barnett, G.
Birmingham, S.
Boyce, S.
Brown, B.J.
Cash, M.C.
Coomean, H.L.
Eggleston, A.
Fielding, S.
Fifield, M.P.
Hanson-Young, S.C.
Humphries, G.
Joyce, B.
Ludlam, S.
Mason, B.J.
Milne, C.
Nash, F.
Payne, M.A.
Ryan, S.M.
Troeth, J.M.
Williams, J.R. *

* denotes teller

Question agreed to.
COMMITTEES
Education, Employment and Workplace Relations References Committee
Meeting
Senator PARRY (Tasmania) (11.11 am)—by leave—On behalf of Senator Humphries, the chair of the Education, Employment and Workplace Relations References Committee, I move:

That the Education, Employment and Workplace Relations References Committee be authorised to hold a public meeting during the sitting of the Senate today, from 2 pm, to take evidence for the committee’s inquiry into primary schools for the 21st century.

Question agreed to.

Selection of Bills Committee
Report
Senator O’BRIEN (Tasmania) (11.12 am)—I present the 19th report of 2009 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator O’BRIEN—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT NO. 19 OF 2009

1. The committee met in private session on Friday, 27 November 2009 at 12.08 pm.

2. The committee resolved to recommend—

That—

(a) the provisions of the Do Not Call Register Legislation Amendment Bill 2009 be referred immediately to the Environment, Communications and the Arts Legislation Committee for inquiry and report by 24 February 2010 (see appendices 1 and 2 for statements of reasons for referral);

(b) the provisions of the Freedom of Information Amendment (Reform) Bill 2009 and the Information Commissioner Bill 2009 be referred immediately to the Finance and Public Administration Committee for inquiry and report by 16 March 2010 (see appendix 3 for a statement of reasons for referral);

(c) the provisions of the Occupational Health and Safety and Other Legislation Amendment Bill 2009 be referred immediately to the Education, Employment and Workplace Relations Legislation Committee for inquiry and report by 25 February 2010 (see appendix 4 for a statement of reasons for referral); and

(d) the Trade Practices Amendment (Material Lessening of Competition—Richmond Amendment) Bill 2009 be referred immediately to the Economics Legislation Committee for inquiry and report by 18 March 2010 (see appendix 5 for a statement of reasons for referral).

3. The committee resolved to recommend—

That the following bills not be referred to committees:

Australian Capital Territory (Self-Government) Amendment (Disallowance and Amendment Power of the Commonwealth) Bill 2009

Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 [No. 2].

Trans-Tasman Proceedings (Transitional and Consequential Provisions) Bill 2009

Trans-Tasman Proceedings Bill 2009.

The committee recommends accordingly.

4. The committee deferred consideration of the following bills to its next meeting:

Britt Lapthorne Bill 2009

Fisheries Legislation Amendment Bill 2009

Health Insurance Amendment (Diagnostic Imaging Accreditation) Bill 2009

Keeping Jobs from Going Offshore (Protection of Personal Information) Bill 2009

Therapeutic Goods (Charges) Amendment Bill 2009

APPENDIX 1
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:
DO NOT CALL REGISTER LEGISLATION AMENDMENT BILL 2009
Reasons for referral/principal issues for consideration:
To examine the implications of changes on Small Business.
Possible submissions or evidence from:
Department of Broadband, Communications and the Digital Economy Australian Direct Marketing Assoc,
ACMA,
Council of Small Business Organisations of Australia
Committee to which bill is to be referred:
Environment, Communications and the Arts Legislation Committee
Possible hearing date(s):
Throughout summer break.
Possible reporting date:
Report 12 February 2010
(signed)
Stephen Parry
Whip / Selection of Bills Committee member

APPENDIX 2
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:
DO NOT CALL REGISTER LEGISLATION AMENDMENT BILL 2009
Reasons for referral/principal issues for consideration:
To establish whether the Bill adequately protects all Australians from unsolicited marketing calls
Possible submissions or evidence from:
Office of the Privacy Commissioner
Australian Privacy Foundation
Telecommunications Industry Ombudsman
ACMA
Committee to which bill is to be referred:
Environment, Communication and the Arts Legislation Committee
Possible hearing date(s):
February 5, February 16
Possible reporting date:
February 24 2010
(signed)
Rachel Siewert
Whip / Selection of Bills Committee member

APPENDIX 3
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee
Name of bill:
Freedom of Information Amendment (Reform) Bill 2009 Information Commissioner Bill 2009
Reasons for referral/principal issues for consideration:
Whether the Bills contain measures effective to ensure that the right of access to documents is as comprehensive as it can be;
Whether improvements to the request process are efficient and could be further improved;
Whether the measures will assist in the creation of a pro-disclosure culture with respect to government and what further measures may be appropriate;
Assessment of the functions, powers and resources of the Information Commissioner
Possible submissions or evidence from:
Department of Prime Minister & Cabinet, Attorney-General’s Department, the Privacy Commissioner, the Human Rights Commission, the Law Council of Australia and civil liberties organisations.
Committee to which bill is to be referred:
Finance and Public Administration Legislation

Possible hearing date(s):
End of spring session.

Possible reporting date:
Stephen Parry
Whip / Selection of Bills Committee member

APPENDIX 4
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee

Name of bill:
Occupational Health and Safety and Other Legislation Amendment Bill 2009

Reasons for referral/principal issues for consideration:
To examine changes to benefits for employees and also impacts on the Consolidated Revenue Fund from claims from the past.

Possible submissions or evidence from:
Employee Advocacy Organisations
ComCare Licencees
Other Occupational Health & Safety Peak Groups

Committee to which bill is to be referred:
Education, Employment and Workplace Relations Legislation Committee

Possible hearing date(s):
Throughout summer break.

Possible reporting date:
Report 25 February 2010
Stephen Parry
Whip / Selection of Bills Committee member

APPENDIX 5
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee

Name of bill:
Trade Practices Amendment (Material Lessening of Competition - Richmond Amendment) Bill 2009

Reasons for referral/principal issues for consideration:
In undertaking the inquiry, the Committee should consider:

- The current threshold for determining when mergers and acquisitions lessen competition;
- The impact of corporations with an already substantial share of a market acquiring assets/shares on small businesses within the same market;
- The role of small business in ensuring a competitive market;
- And related matters

Possible submissions or evidence from:
ACCC
Associate Professor Frank Zumbo, University of New South Wales Australian Retailers Association
National Association of Retail Grocers of Australia
CHOICE

Committee to which bill is to be referred:
Senate Standing Committee on Community Affairs (Legislation)

Possible hearing date(s):
February/ March 2010

Possible reporting date:
Thursday 18 March 2010

(signed)
Kerry O’Brien
Whip / Selection of Bills Committee member

DOCUMENTS
Tabling

The PRESIDENT (11.12 am)—Pursuant to standing orders 38 and 166, I present documents listed on today’s Order of Business at item 5, which were presented to the President after the Senate adjourned last Fri-
day. In accordance with the terms of the standing orders, the publication of the documents was authorised.

COMMITTEES

Agricultural and Related Industries Committee

Report

Senator O’BRIEN (Tasmania) (11.13 am)—I move:

That the interim reports of the Select Committee on Agricultural and Related Industries be printed.

Question agreed to.

Senator O’Brien—I move:

That the Senate take note of the interim reports of the Select Committee on Agricultural and Related Industries.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

HIGHER EDUCATION LEGISLATION AMENDMENT (STUDENT SERVICES AND AMENITIES) BILL 2009

SOCIAL SECURITY AND OTHER LEGISLATION AMENDMENT (INCOME SUPPORT FOR STUDENTS) BILL 2009 [No. 2]

STATUTE LAW REVISION BILL 2009

First Reading

Bills received from the House of Representatives.

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (11.13 am)—I indicate to the Senate that these bills are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (11.14 am)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

Higher Education Legislation Amendment (Student Services and Amenities) Bill 2009

This Government is determined to deliver on our election commitment to rebuild essential student services and amenities on university campuses. We made this commitment because unlike those opposite - we understand the critical importance of ensuring that students have access to vital campus services. And we make no apology for honouring that commitment today by reintroducing this important legislation.

The Higher Education Legislation Amendment (Student Services and Amenities) Bill 2009 proposes a balanced, practical approach to funding campus services and amenities.

Those opposite have been so blinded by ideology that they are simply unable to have a reasonable debate on this issue.

This Bill does not allow for a return to compulsory student unionism. In fact the legislative provision which prevents a provider from requiring a student to be a member of a student organisation remains unchanged.

The Government does not want to return to the past. We simply want ensure that students have access to vital services and amenities on campus in the future.

By voting against this important legislation during the last sitting period, the Opposition voted for the continued demise of student services including child care, counseling, health, sport and fitness services.

The Government refuses to allow this to happen.
Following, extensive consultations with students and universities in 2008, it was found that $170 million had been stripped from funding for services and amenities. This resulted in the decline and in some instances complete closure of health, counselling, employment, child care and welfare support services.

These are fundamental services that help students to navigate university life, achieve success in their studies and enable them to participate in sport and the university community.

Subsequently, it is students who are being forced to pay the price of the $170 million – both directly and indirectly.

Alarmingly, it was discovered that some universities had been forced to redirect funding out of research and teaching budgets to support services and amenities that would otherwise have been cut.

Universities Australia, the peak body representing the university sector painted the picture clearly last year, stating:

‘Universities have struggled for years to prop up essential student services through cross-subsidisation from other parts of already stretched university budgets, to redress the damage that resulted from the Coalition Government’s disastrous Voluntary Student Unionism (VSU) legislation.’

Some universities highlighted alarming price hikes for parking, food and childcare – in one case a price hike in the order of 500% annually.

It is our students who are paying the price for the previous Government’s ideological approach to student services.

The Australian Olympic Committee has noted that there had also been a serious impact on university sport, saying and I quote that:

‘...the introduction of the VSU legislation has had a direct negative impact on the number of students (particularly women) participating in sport and, for the longer term, the maintenance and upgrading of sporting infrastructure and facilities and the retention of world class coaches.’

Since then, Universities Australia and other bodies that have the interests of the students at heart have repeatedly called on the Parliament to pass this legislation.

If the Opposition fails to support this important legislation once again, then it is Australian students who will pay the price.

And the students who will suffer most as a result of this decision are those from rural and regional areas.

University services and amenities in regional areas are not just used by students but the whole community. In regional areas the sporting facilities at the university are often the only major facilities in the area and the university provides a social hub for the community.

And importantly support services offered at regional universities create much needed jobs in local communities.

The National Party indicated at their recent conference that they were willing to support this legislation so far as it will provide funding for essential health and sporting services and amenities.

This is welcome news and I commend the National Party for their commitment to students from rural and regional areas. But I call on them to recognise that there are other essential campus services, which are also in dire need of funding.

These include, for example critical legal and welfare services. Now, one of the arguments from the National Party in relation to these services is that if students think they are important then they will pay for them voluntarily.

In response to that, I would ask the Nationals to consider this question:

How many students do you know, who go off to university, age 18 for the first time, who expect to become involved in a legal dispute with their landlord?

How many students plan to develop a serious mental health condition that requires counselling?

How many students plan to need access to an emergency loan to cover basic costs of living, when they become sick and are unable to work for several weeks?

The answer is none.

These important services are there to support our students when things don’t go according to plan.
And when you’re a teenager from the bush, living away from home for the first time – you’re all the more likely to come up against some of these challenges.

These campus services and so many others are no less important than health services and sporting facilities and no less worthy of funding.

I call on the National Party to vote to support this legislation, because it supports the students at the University of New England, the students at Eden Cowan University, at Charles Sturt University, at James Cook University, the University of Ballarat and so many others.

Last time this legislation came before the parliament, the National bowed to the wishes of their Coalition partners and failed to cast their vote to help students from rural and regional areas.

The Coalition didn’t vote against compulsory student unionism. The Coalition voted for the continued demise and possible destruction of vital services and amenities on university campuses.

I know that the National Party recognises how important this Bill is and I call on them to join with the Government to rebuild essential services and amenities on our university campuses.

This Bill is in the best interest of Australian students, it’s in the best interest of our universities and it is in the best interests of rural and regional Australia.

Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 [No. 2]

Last night the Liberal and National parties continued their war on students by moving to make sure around 150,000 were denied scholarships next year.

This did this by stopping the bill leaving committee once their amendments were rejected by the Senate.

They did this by voting against a sensible compromise – supported by the Greens and Senator Xenophon – which would have addressed the concerns they say they have and which would have allowed this legislation to go forward and deliver over 150,000 scholarships, lower the age of independence, substantially increase the parental income test and improve the personal income test.

There was no reason to vote against our compromise amendments if you actually care about students.

But the Coalition did.

The compromise amendment would have extended support to gap year students who live at home – as well as students who need to move – if they are from families with incomes below $150,000.

The changes would be made revenue neutral by ensuring that during the first year transitional period the Student Start Up Scholarships would comprise two payments $717 – worth $1434.

After this the student start up scholarships would revert to their original value of $2254 (indexed) and delivered in two payments each year worth $1,127.

The Government made these compromises as a result of the advocacy of the Greens, who recognised the importance of passing this bill but who wanted to ensure that the current independent arrangements are available for gap year students who are living at home.

We also adopted a number of Green amendments which are reflected in this bill. These included a review of the legislation by 2012 (in addition to the Triennial Review agreed to as part of the Bradley Response)

We welcome a review because we expect it will tell the same thing as our analysis – that these changes will be good for low SES, rural and regional students.

The second is a move to have the Government administer the new workforce participation criterion by averaging the 30 hour requirement rather than requiring that students work ‘at least’ 30 hours per week.

While this amendment has the potential to have a substantial impact on the budget, we believe that we can implement this in a manner which would deliver more flexibility for students without impacting on the budget.

This will be done by averaging by over periods of up to 13 weeks, this will accommodate situations where young people do not work 30 hours consis-
ently every week, provided that their employment can be genuinely characterised as full-time in nature.

And, in addition to these amendments, we have also agreed with the Greens to set up a taskforce which will focus on issues of participation and attainment of regional students in tertiary education. The work of this taskforce would complement the work of the review into regional loading but the taskforce would focus more specifically on regional and rural participation and attainment. The taskforce would report at the end of 2010.

All of these changes show just how far the Government has been prepared to go to meet the concerns that have been raised with us. These would have allowed us to pass the bill and deliver additional support to students that need it the most – this includes more than 150,000 students who would have received a new scholarship but who will now miss out.

So, today we have re-introduced the legislation into the house with these Greens amendments as well as the Government amendment in the body of the bill.

This Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 amends the Social Security Act 1991 to implement a key aspect of this Government’s landmark reform agenda for higher education and research. It contains this Government’s response to the recommendation on student income support from the Bradley Review of Higher Education.

This bill brings in a massive range of reforms. Without this bill:

- more than 150 000 students will not receive start-up scholarships worth $1434 in 2010 and $2 254 after that.
- and 21 000 Commonwealth Scholarships will not be paid to new students in 2010 as the Coalition voted to remove them earlier this year.

This means there will be less support for students next year than there was this year.

Almost 25,000 families with incomes between just $32,800 and $44,165 will miss out on an increase in their support to the maximum rate. A further 78,000 who would have received a higher part payment or who would have received youth allowance as a dependant for the first time will miss out.

Students who choose to move to study will not be eligible for a $4000 Relocation Scholarship in 2010.

The age of independence will remain at 25 rather than reduce to 22 by 2012, which would have seen an estimated 7 600 new recipients of the independent rate of allowance.

The reforms to Youth Allowance will have consequential effects for ABSTUDY and, in some cases, Austudy.

Our new system will help ensure that education is accessible to all, not just those who can afford to pay.

Universities and students support these changes – the Universities Australia, the Group of Eight universities, the Australian Technology Network of universities, the Innovative Research Universities and the National Union of Students – have all supported these important reforms and have called for them to be passed.

Last week these groups stood with the Deputy Prime Minister and called on the Coalition to pass the bill.

They said:

“Well we as a Group of 8 support this Bill. We think that it’s particularly important that it pass, that it pass quickly so that we can give some information to and certainty to the students.” (Ian Chubb, Vice Chancellor of Australian National University)

“I speak really with my other fellow Vice Chancellors on behalf of the entire higher education sector who’s unanimous on supporting the legislation... from my perspective, failure to pass this legislation today is not only bad for the education system in Australia, but it’s bad social policy and is very bad long term economic policy.” (Ross Milbourne, Vice Chancellor of the University of Technology, Sydney)

“These students and their parents are having a tough time at present, we all know of the problems in the economy of regional and rural Australia. The proposed legislation will make a fundamental difference to all these families, all these
students and their mums and dads.” (Paul Johnson, Vice Chancellor, La Trobe University)

“Let me just say that students unequivocally support these new scholarships.” (David Barrow, President, National Union of Students)

And on last Friday all State and Territory Education and Training Minister have called on the Federal Opposition to pass the Government’s Youth Allowance changes.

But the Coalition still refuses to pass it – even with the whole sector unanimously saying that these changes are a good thing and the states asking that it be passed.

The Group of Eight even had to remind the Opposition that Student Income Support is not a political play thing and have called on the Opposition to cease its uncaring approach to the important matter of students having sufficient income to succeed at university.

The Coalition needs to understand that given their amendments were not endorsed by not passing the bill they are hurting the groups they pretend they want to help - students who have to move away from home to study, rural and regional students and students from low income backgrounds.

I think David Barrow, President of the National Union of Students put it well when he said,

“Last night so many good elements were blocked; a drop in the age of independence to 22 – blocked, new personal income test thresholds – blocked, new scholarships – blocked, a system that gets the poorest students to university – blocked,” he said.

“What remains is an inequitable relic of the Howard-era. It is easily rorted by the privileged. It means 30% of gap year students will not return to university. The current system disadvantages poor and regional students the most”.

Ross Milbourne from The Australian Technology Network of Universities said

Failure by the Coalition and Family First Senator, Steve Fielding to support this amended legislation is not only bad for the education system in Australia, but it’s bad social policy and is very bad long term economic policy.

The amended Bill would have delivered a level of financial security for those students most in need.

These scholarships help very poor students give more time and attention to their studies by reducing stress and worry, reducing their paid work hours, and increasing their sense of belonging. As a result, these students have attrition rates about 40% lower than other students – the benefit of this scholarship is tangible.

The Liberal’s have shown where they stand. For political expediency and against students – it is unclear whether they even understood the compromise amendments that they rejected.

We have brought this bill back and we will continue to put pressure on the Liberals until we can deliver much needed support to students.

I urge members to support this Bill.

Statute Law Revision Bill 2009

This Parliament has a strong tradition of passing Statute Law Revision Bills with bi-partisan support since they were introduced in their current form by the Fraser Government in 1981. In the Second Reading Speech to the Statute Law Revision Bill 1981 the then Attorney- General, Senator Durack, said:

The Government has decided to introduce Statute Law Revision Bills into the Parliament on a regular basis, at least once in each year and, if required, once in each sitting. This will enable the prompt correction of mistakes and errors and removal from the statute book of expired laws.

In support of that Bill, the then Shadow Attorney- General, Senator Evans, congratulated the Government for this innovation, as:

a rational legislative measure aiding in the avoidance of the unnecessary cluttering of the parliamentary process with what are on any view small issues most of the time.

This history of uniform support shows us that Statute Law Revision Bills are regarded as non-controversial Bills for the orderly, accurate and up-to-date maintenance of the Commonwealth statute books.

However, this house-keeping work is itself an important contribution to the legislative landscape and the broader justice system. Statute Law Revision Bills improve the quality and accuracy of Commonwealth legislation, and enhance the ef-
fectiveness and accessibility of the law for the Australian public. This continual process of statutory review complements the Government’s commitment to enhancing the operation and accessibility of the federal justice system for all Australians.

The retention of outdated or unclear legislative provisions makes the law complex, inconsistent and difficult to access. It imposes needless costs on the community and makes the law inaccessible for those who cannot afford legal advice. The Statute Law Revision Bill 2009 runs the ruler over Commonwealth legislation to ensure that it reflects the highest standards. Clearer, easy-to-use legislation protects the public’s right to understand the law and is of fundamental importance to provide access to justice.

Scrutiny of the statute books extends beyond the correction of minor errors and the clearing away of obsolete Acts. The Bill also amends a number of statutes to ensure consistency of language and to remove gender-specific language. While the Statute Law Revision Bill 2009 might not rival the immortal words of Shakespeare, words have their meaning and the words in statutes reflect contemporary Australian society. It is appropriate that we ensure our statute books exhibit current social standards.

The Office of Parliamentary Counsel has demonstrated its high level of expertise in the initiation and preparation of this Bill, to make sure that in future our statute book remains as accurate and effective as it can possibly be. I commend the Office for the quality of its work in reviewing, correcting and updating the body of Commonwealth legislation by preparing this Bill.

Ordered that further consideration of the second reading of these bills be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.

COMMITTEES

Education, Employment and Workplace Relations Legislation Committee

Membership

The PRESIDENT—I have received a letter from a party leader seeking to vary the membership of a committee.

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (11.15 am)—I move:

That Senator Siewert replace Senator Hanson-Young on the Education, Employment and Workplace Relations Legislation Committee for the committee’s inquiry into the provisions of the Occupational Health and Safety and Other Legislation Amendment Bill 2009, and Senator Hanson-Young be appointed as a participating member of the committee.

Question agreed to.

Rural and Regional Affairs and Transport References Committee

Report

Senator NASH (New South Wales) (11.15 am)—I present an interim report of the Rural and Regional Affairs and Transport References Committee on import restrictions on beef, and seek leave to move a motion in relation to the report.

Leave granted.

Senator NASH—I move:

That the final report of the Rural and Regional Affairs and Transport References Committee on import restrictions on beef be presented by 25 February 2010.

Question agreed to

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]
In Committee

Consideration resumed from 27 November.

Carbon Pollution Reduction Scheme Bill 2009 [No. 2]

The CHAIRMAN—The committee is considering the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] as amended and government amendments (1) to (36) on sheet BE218, moved by Senator Wong.

Senator IAN MACDONALD (Queensland) (11.16 am)—I am very keen to get on with this debate after a one-and-a-quarter-hour delay on some procedural motions that should have taken five minutes. Because the government chose to filibuster with their speeches we have been denied one hour and 15 minutes to deal with this legislation that we have been told time and time again is superurgent and has to be dealt with. We had the spectacle of the Leader of the Government in the Senate wasting 15 minutes of our time in one instance and others from his side wasting more time. We have now lost one and a quarter hours which we could have used to proceed with the issues before us and which are of vital interest to the people of Australia.

I refer the Minister for Climate Change and Water to the domestic offsets program, which is the amendments currently before the chair. I ask that the minister correct me if my understanding is not correct, but I understand that we have to develop offset methodologies for the domestic offsets program. My question to the minister is: what internationally accepted principles will the government use to develop those offset methodologies? I particularly emphasise that I am interested in internationally accepted principles. The minister might indicate to me in what way these principles are ‘internationally accepted’. I would appreciate the minister addressing that query.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.19 am)—These were outlined in the offer document which went to the good senator’s party room last week. We have said that those offsets that can be counted towards Australia’s international climate change obligation will be able to have abatement credited, subject obviously to proper methodologies being put in place. That is necessary because we are talking about a market. If we are serious, as the government is, about wanting farmers and other landholders to have access to the carbon market then the market will need to have confidence in whatever abatement is achieved by these mechanisms. I refer the senator to page 6 of the
Senator IAN MACDONALD (Queensland) (11.20 am)—I thank the minister for that. Minister, the international principles—and I could not write fast enough—were, you said, ‘Permanence—

Senator Wong—It is in the documents you got last week.

Senator IAN MACDONALD—Thank you, Minister. This is an issue which constituents are interested in understanding and which they have a view on.

Senator Wong—You will not vote for this no matter what. You are part of the extreme right of the Liberal Party.

The CHAIRMAN—Ignore the interjections, Senator Macdonald.

Senator IAN MACDONALD—Thank you, Mr Chairman. The minister should be cautious in attributing intentions to anyone, particularly to other senators in this chamber. I suspect it is probably against standing orders that she so do, but again I thought my question was very reasonable. I am sorry it has upset the minister in her haste to have this urgent bill—which does not start for 19 months, I might add—dealt with before Christmas. So I am sorry if I have upset you, Minister, but my point is that when you say ‘permanence’ and the other words which you mentioned in what way are they internationally accepted? Are they what they have adopted in the European Union? Are they what they have adopted in the United States? They would not have adopted them in the United States, because I do not think the United States has a legislated position. Perhaps the minister could just indicate in what way those principles are internationally accepted.

Senator WONG (South Australia)—Minister for Climate Change and Water) (11.22 am)—What I propose to do is provide a copy of this to the senator. This copy, however, has markings on it, so I will do that later. I would refer the senator to section 259K of the amendments before the chamber, which outline the answer to his question.

Senator XENOPHON (South Australia) (11.23 am)—I would like some clarification on the offsets. What sorts of activities would the minister imagine to be eligible under the domestic offsets program? Could she give some practical examples? Does the minister envisage that activities under the GGAS and NGAS programs, which cease with the CPRS, would be covered and would this program cover landfill gas capture activities? Finally, would this program cover activities currently covered under statewide certificate schemes? I am happy to break those questions up if that would be useful.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.23 am)—In relation to landfill and legacy wastes, we have indicated that CPRS permits would be provided for abatement from sources that are counted towards Australia’s international commitments, subject to the development of robust methodologies. That includes legacy wastes and emissions from closed landfill facilities.

Senator NASH (New South Wales) (11.24 am)—I would like to follow up on Senator Macdonald’s question. On the methodology principles, the minister referred to proposed section 259K(1)(a) to (f). While I
do appreciate the minister pointing us in that direction, it is still not all that clear. This is one of the things that certainly farmers are very keen to know, given that some of these offsets have been attributed to counteracting, if you like, some of the inputs that still exist within the ETS that they are going to have to face—things like fuel, transport, electricity, fertiliser and chemicals. It would be quite useful if perhaps, given the vague nature of proposed section 259K, the minister were to outline for the chamber exactly what types of activities are going to be undertaken. From reading through all of this, there is nothing that I can see that is all that specific to be able to take back to farmers. It seems to be a more general sort of view of how it will all work. So perhaps the minister, if she is able, could advise the Senate of some of the more specific components of that.

Could she also, perhaps, give a bit more specific detail around the Domestic Offsets Integrity Committee, which is going to be constituted to assess offset methodologies. Again, that is quite vague. I would be very interested to know how that integrity committee is actually going to determine what those offset methodologies are going to be and the criteria that that is going to use. Perhaps the minister could respond to the Senate around those two issues, bearing in mind the very important issue for farmers of having to bear the embedded costs that still exist within the ETS. Even though, of course, agriculture in terms of the animal emissions is excluded, all of those input costs are still going to land right in the lap of the farmers. We have been told that these offsets will be available to counteract some of that. Perhaps the minister could just give us a bit more detail around those issues.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.26 am)—I propose to table the offer document which was provided to the coalition party rooms—I think we provided 100 copies—and which sets out in detail quite a number of the answers to the questions which are now being asked. I table that, and I would invite the senators asking questions to look at the document which was provided to the Leader of the Opposition, Mr Turnbull, and, as I understand it, to the joint party room—but certainly the Liberal party room—prior to the party room endorsing the amendments, because many of the questions that Senator Nash and Senator Macdonald are proposing go straight to that issue.

In relation to the committee, I would refer the senator to page 15 of the amendments before the chamber. The Domestic Offsets Integrity Committee. I think it is quite clear from—

Senator Ian Macdonald interjecting—

Senator WONG—Page 15, section 373A.

Senator Ian Macdonald—Sorry—of what? The explanatory memorandum?

Senator WONG—No, of the amendments that are currently before the committee, that I have moved and that are the subject of discussion.

Senator NASH (New South Wales) (11.27 am)—I thank the minister for that, and I have read that page, but again it does not clearly outline for us the specifics around how the integrity committee will work. Obviously it is to advise the secretary in advising the minister assessing the costs and benefits. That particular section still does not necessarily, I think, provide the specifics either to the Senate or to those listening. In response to the minister’s comment about the information provided to the joint party room, of course, that has not necessarily been provided to all those people out there who are very keen to listen to the activities in the chamber this morning. So perhaps the minister, for the benefit of those listening, might like to refer to my previous question and,
indeed, answer it. I am sure they will be able to access the bill itself, not necessarily information that is provided to the joint party room, and I think that for the benefit of people listening to the process in the chamber they would like an answer to my previous question. Again, part 25A really does not give us a great deal of detail regarding how the committee will utilise a certain series of criteria to do it.

Senator Wong (South Australia—Minister for Climate Change and Water) (11.28 am)—I am attempting to be helpful, but I would suggest to Senator Nash that there are quite a number of pages about how the committee would operate. I am not sure how much more I can add than the legislation itself, which sets out the establishment of the committee, the functions of the committee, the membership of the committee, the consultation by the committee, the procedures for the committee, disclosure of interests and a whole range of other procedural matters. So I am a little at a loss to know what further information I could possibly put to Senator Nash to explain the committee to her.

In relation to the document, I certainly understand that not everyone in Australia would have a copy of this document. It would be unusual if everyone in Australia did have a copy of such a document but, for the senator’s information, we have ensured that the document which outlines the government’s offer to the opposition has been on the government’s website—since Tuesday of last week.

Senator Nash (New South Wales) (11.30 am)—I apologise to the Minister for Climate Change and Water if I was not clear. I do appreciate that all that information about the make-up of the committee is contained within the amendments, but my question went more to the criteria around the determination of those offset methodologies. If the minister feels she cannot provide that information at this stage, perhaps she might like to provide it to the chamber at a later time. I certainly do understand the processes.

Senator Wong (South Australia—Minister for Climate Change and Water) (11.30 am)—Perhaps Senator Nash was not in the chamber when I referred Senator Macdonald to proposed section 259K which appears on page 9 of the amendments. It goes through the methodology principles. Essentially, the issue is that we want to ensure we maximise the possibility of Australian landholders being able to be part of the solution on climate change. We have to ensure that in doing so we do not expose taxpayers to fiscal risk by including abatement in our scheme that is not recognised internationally or that does not have sound principles associated with it. We need to ensure that this is abatement in which everyone can have confidence. The proposal we have is for a process which ensures that both farmers and people seeking to invest in sequestration or abatement activities will have confidence in the value of that activity and its environmental integrity.

The Chairman—Before I call Senator Nash once more, I have noticed that there are a number of senators who want to ask questions. I will give senators a chance to have at least a couple of follow-up questions, but I will call senators who have not particularly had an opportunity to ask questions up to now.

Senator Nash (New South Wales) (11.31 am)—Thank you, Mr Chairman. For the moment this will be my last question. I am interested in a practical—

Senator Ian Macdonald—On this particular issue.
Senator NASH—Thank you, Senator Macdonald—I am happy to yield to my colleagues on this issue. Minister, has there been any modelling or accounting work done, given that there has been an intimation around these offsets will in some way go, as I said before, to counteracting the embedded costs that remain in the ETS? Has the government done any work at this stage on accounting modelling on, say, average size farms, measuring what the current input costs will be and potentially the amount of funding that may be forthcoming from these offsets? That may sound like a very simplistic question, given the complex nature of the detail of the bill, but I think the people out there listening, and certainly farmers, would be very keen to know whether, for a certain cost that will land on them and will be inescapable under this emissions trading scheme, the government has determined how much of that will be offset by some of the measures being proposed by the government and could be utilised by the farming community.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.33 am)—Senator Nash, on Wednesday, Thursday or Friday last week you asked me a question about farm input costs and I have already put that on the Senate Hansard, so I refer you to my answers on that occasion. In relation to how much farmers could earn now, that would be very difficult to model. As you know, there are very different types of opportunities on different types of land and for different types of practices. No modelling exercise on what an average farm could or could not earn by virtue of a certain number of offsets being available has been done. It would be rather difficult for it to be done.

Senator Nash—You seem to be able to model everything else.

Senator WONG—I am not sure any modelling I could do would change Senator Nash’s mind about voting on climate change, and that is fine—

Senator Ian Macdonald—She said, ‘You seem to be able to model everything else.’

Senator WONG—I respect her right to vote against this, but she ought not to come into this chamber and pretend that if the government did any more modelling it would change her view. She is like Senator Joyce in that they will oppose this bill.

Senator Ian Macdonald—I think you misunderstood the interjection.

Senator WONG—I am not being rude.

Senator Nash—Mr Chairman, I rise on a point of order. I have every right to come into this chamber and ask a question under the process of the Senate regardless of what my decision is going to be on a piece of legislation. For the minister to suggest that senators should not come into this chamber and ask questions on legislation because she has a predetermined view about how we are going to vote is entirely inappropriate.

The CHAIRMAN—Senator Nash, there is no point of order.

Senator WONG—With respect, I think the senator is being a little sensitive. I do not think I have resiled from answering questions for 3½ days now. I will certainly continue to answer her questions. I am simply making the point that she calls for modelling and everybody knows that any modelling will not change her view. If it would, Senator, I would appreciate you indicating that on Hansard but you—

Senator Nash—It won’t change my view.

Senator WONG—Correct, it will not change your view. That is the only point I am making. I would also refer the senator to page 38 onwards of the supplementary explanatory memorandum, which goes through
more detail in relation to offsets. I will respond now to Senator Xenophon. He asked me about GGAS. I am advised that any project that meets eligibility requirements can be brought forward under the offset program and eligibility there refers to being counted towards Australia's international obligations. Existing activities under GGAS will need to meet additionality requirements. We obviously cannot pre-empt the methodologies which need to be developed by the committee, which is being proposed in the legislation before the Senate, and decisions would obviously need to be made about individual projects by the regulatory authority. I should also note that part 10 of the bill on reforestation will allow GGAS forestry projects to transition into the CPRS.

Senator XENOPHON (South Australia) (11.36 am)—I am grateful to the minister for that. That relates to the whole issue of additionality, which I will raise at a later stage with some further amendments. In relation to the document provided to the coalition, which has been tabled, pages 6 to 9 deal with the whole question of offsets. In terms of the independent expert committee that will be established to vet offset methodologies and to recommend robust methodologies to the minister for approval, the document indicates clearly that the minister would accept or reject methodologies but would not be able to modify the committee’s recommendations. In terms of the methodologies that are recommended, to what extent is that a public process? Are they documents that will be tabled? To what extent will there be transparency in that process with respect to the whole issue of methodologies?

Senator WONG (South Australia—Minister for Climate Change and Water) (11.37 am)—In the EM which was tabled there is, at page 42, an indication of the public consultation process. It says:

Before advising the Minister to make or amend a determination, the Committee will be required to publish a draft of the determination on its website and invite public submissions … We are proposing 60 days for the public to make submissions. This will obviously provide the public with an opportunity to review and comment on draft determinations which provides additional assurance regarding the environmental integrity of any offset methodology determinations. That is at page 42 of the supplementary EM.

Senator MILNE (Tasmania) (11.38 am)—I would like to go back if I can in relation to the whole issue of offsets. In the government’s original legislation, there was no provision for domestic offsets other than for reforestation projects. Now we have provision for a program of domestic offsets in addition to those reforestation offsets. When the government argued this case originally it said, as I understand it, that the reason that a decision could not be made about agriculture and these kinds of offset projects until 2013—and then if a decision was made to proceed with the inclusion it would not happen until 2015—is that we do not have the accounting methodologies worked out sufficiently to be able to guarantee that we had the carbon outcomes that were being claimed as a result of the projects. Can the minister confirm that that was in fact why the government was delaying until 2013 to make a decision in relation to this matter?

Senator WONG (South Australia—Minister for Climate Change and Water) (11.40 am)—I may not have understood the senator’s question, but I think her question was about why we had a particular position on offsets pre the negotiation with the opposition. Obviously, there was a negotiation, but this is also connected to our decision to exclude agriculture indefinitely. There is a difference between creating offsets when you are subsequently going to review whether a
sector will come in and creating offsets when the policy position is that that sector is excluded indefinitely. We are in the second world now, and we do believe this is a sensible process. It is one which ensures environmental integrity and certainty for farmers. There is no point having an offset agreed for soil carbon, for example, that does not have integrity and is not regarded by the public, the community and the market as being additional, as having cogency. If we are serious about generating economic opportunities through this for farmers then it will have to have market credibility. We are seeking to put in place a regime which enables that, but it is a different position to the position prior to the negotiations being agreed with the opposition—absolutely.

Senator MILNE (Tasmania) (11.41 am)—Yes, and it is precisely because of that difference of position that I am asking the question. My understanding is that the reason it was not in there before is that we did not have the methodologies. We do not have the accounting mechanisms right now. If somebody applied tomorrow for a biochar project for an offset credit, would we have the accounting methodology to be able to say, ‘Yes, I can say that that biochar has sequestered X amount of carbon; therefore, so many credits are available’? My understanding is that that does not exist. I notice, in the agreement with the government, that it will introduce voluntary emissions reporting trials in 2011 to allow the sector to better understand and manage its emissions. Can you explain to me what these voluntary emissions trials in 2011 will be and when do you expect we will have the methodologies and accounting rules in place to start issuing these permits?

Senator WONG (South Australia—Minister for Climate Change and Water) (11.43 am)—Some of these might be issues that the committee would resolve—in terms of methodologies and so forth. I would also like to make a point about biochar. Under the agreement and because of the current status of the international accounting rules, biochar is only a voluntary market offset. It would not be an offset within the CPRS itself, for the reason that inclusion of a non-recognised source, as the senator knows, would expose the budget to fiscal risk.

Senator MILNE (Tasmania) (11.44 am)—This is precisely the point I am getting to. When the government went to the Australian people, they acknowledged we do not have the accounting in place to make robust claims about offsets. The reason reforestation and afforestation went in there is that there is methodology for that and you could apply it. For all these other things, there is no methodology.

Whether they are counted under Australia’s existing emissions reporting requirements or they go into the government’s national carbon offsets standards, which are outside our current requirements, you still have to have a robust methodology, which does not exist. The government’s previous claim was that by 2013 we would have a better idea and we could make a decision about agriculture. My understanding was that the reason for the delay to 2013 was these methodologies. I am concerned that the coalition has been sold a pup here by thinking that farmers are going to be able to benefit immediately from offset projects, when what we are seeing here in the documentation is that there would be voluntary emissions reporting trials in 2011 to allow the sector to better understand and manage its emissions. Presumably this work is going to go on through the next two or three years, which would take it out to about 2013, which is when the government previously said it would be ready to make a decision.
To follow through on that: I notice that you say that, first of all, you will be setting up the Domestic Offsets Integrity Committee. Then there will be regulations struck which provide for an authority to approve an application form. I notice that applications for Australian emission units must be accompanied by a report on the project in respect of the relevant reporting period. Then a report on an offset project must be accompanied by a prescribed audit report, and the audit report, therefore, must be in line with a set of robust methodologies. It is envisaged that the audit report will be prepared by a registered greenhouse and energy auditor as defined under the National Greenhouse and Energy Reporting Act. I ask the minister specifically: how many registered greenhouse and energy auditors do we have at the moment with expertise in agriculture, land use and emission offsets?

Senator WONG (South Australia—Minister for Climate Change and Water) (11.47 am)—I will take on notice, if I may, how many auditors there are who are identified under the NGERS. I am not sure we would track that data. The NGERS—the National Greenhouse and Energy Reporting Scheme—of course, was Mr Turnbull’s legislation when environment minister, and it is a very useful piece of legislation in terms of providing the reporting base for some of the work we are doing now. I will check that. As I said, I am not sure that the government would, in fact, be the registrar for all such expertise.

I am not sure what the policy proposition or question is. The point that Senator Milne seems to be making is that nothing is going to happen. That is not what this says. What this says is that we want to explore how we can bring more sources of abatement either into the scheme or through the voluntary market. Some of this work will be difficult, but we believe it is important and we have been very clear in this agreement about the specified areas in which we think work needs to be focused. We think that the NFF are correct when they say that farmers want to be part of the climate change solution, and we want to provide those opportunities.

Senator Boswell interjecting—

Senator WONG—Possibly. If I may suggest, that is probably an interjection to the NFF, not to me. I will leave that particular fight to the two of you. What we have said is that we have to ensure the environmental integrity remains, and this is a set of mechanisms within this legislation that enables that to occur.

Senator MILNE (Tasmania) (11.49 am)—I could not agree more. The area of land use, land use change and forestry is absolutely critical. I really want to see rural Australia being given opportunities to reduce the carbon footprint and, in fact, assist all of us in protecting carbon stores and reducing emissions. I am emphatically in favour of that. I have had lots of talks with the National Farmers Federation and other farmers groups in relation to this. It is the Greens view that the whole of the land use, land use change and forestry sector should be taken out of the CPRS, not included in it, and that it should be run as a parallel scheme. You need to look at several factors together: water sustainability, biodiversity, food security and resilience in country communities. The concern I have is that picking and choosing offsets in the way that is happening will lead to perverse outcomes, just like the managed investment schemes did. Unless you look at food security, water and biodiversity all at once, you end up favouring one and destroying another.

That is the perspective that I come from here. It is not that I do not think we ought to be doing everything we can to maximise carbon stored in the landscape; it is about the
manner in which this is done. It is not clear to me that it has really been well thought through. It is very ad hoc, and with ad hoc-ery you get those perverse outcomes. I assume the government said it would not make a decision until 2013 about whether it would include agriculture because it had to think through a lot of these methodologies. Now that it has been brought forward there will be a rush to get something done, and when you do that you inevitably end up, as with the managed investment schemes, with adverse outcomes for water, food security, land prices and all sorts of things.

The point that I was getting at with the registered greenhouse and energy auditors is that, whilst there are clearly people registered as auditors, I cannot see that they would have expertise in an area that we have not developed yet. In fact, they could not have expertise in this area. Minister, you were saying that units will only be provided for abatement that has already occurred and not for abatement that is expected to occur in the future, so there is going to be a whole lot of uncertainty in the next few years as to what you may or may not do on land in relation to this.

I would like to ask a specific question in relation to avoided deforestation. Can the minister explain to me what is intended here? Is it intended that you will provide credit to people who already have a permit to log or to clear and that, therefore, avoided deforestation is a decision not to proceed with a land clearance or logging permit? Can you just explain to me how this will work? What is your baseline? If that is what is intended, you will give credit to people who said they were going to clear and now are not going to. What sort of hectarage across Australia would people in theory have permission to log or clear?

Senator WONG (South Australia—Minister for Climate Change and Water) (11.53 am)—I will take advice on that last issue. In relation to the first issues you raised, you made the point about whether or not other environmental objectives would be delivered through this, such as biodiversity and so forth. This is a difference of views between your party and the government which manifested in the debate over the carbon sinks tax legislation—that is, whether you ensure all environmental objectives through one piece of legislation or you make sure that the broader environmental framework which applies through Commonwealth and state or territory legislation deals with the issues that you raised, such as biodiversity and other objectives.

We do not believe that it is sensible to require every aspect of those environmental considerations in this section of the legislation. For example, there are planning legislative frameworks which apply in states and territories in relation to land use, and it is not sensible for the Commonwealth to second-guess all of those. What we have said is that, in relation to forests, we would include conditions for forests earning forest credits to have adequate water entitlements. That is consistent with the National Water Initiative, and we think that is sensible. We have also referenced planning approvals, which I think arose out of a discussion between your party and the government in the context of the previous debate in this chamber on the taxation measures.

In relation to your comments about whether or not auditors have expertise in a particular area, can I say, Senator, that there is a lot that we have to develop expertise in very quickly. If this country had started acting on climate change much earlier we would have far more expertise in many areas than we currently have. We have come a long way in two years, but we have to go much
further. I for one am not of the view that you hold back reform on the basis that you are not sure if you can develop the expertise. I think when reform is in the national interest you have to simply ensure that you develop it. The government will work—as we are currently—with agricultural stakeholders. We were previously working through a technical options group which included a range of representatives from farming organisations. We will continue to consult with the sector. We may have to prioritise. I do not want to second-guess that consultation process. It may be that there is a decision made in consultation with the sector about which of the things we would prioritise first. I do not know; that will be a matter for the consultation process. But we are serious about delivering a more comprehensive approach when it comes to land use. We know it will take work and it certainly will take dialogue with the sector.

Senator BACK (Western Australia) (11.57 am)—With regard to the CPRS permits and those listed, I think I have good news and bad news. With regard to the burning of savannas, I think we can be satisfied that those methodologies are in place. I refer to the West Arnhem Land Fire Abatement Project. In contrast, referring to livestock—livestock contribute some 75 per cent of the greenhouse gas emissions, or at least they are ascribed to from agriculture, from activities of ruminants—I fear for our capacity to be able to develop robust methodologies in that area, given the diversity of management of ruminants in Australia from pastoral to agricultural, from extensive to intensive. I question the minister following the policy commitment to exclude agriculture indefinitely from the CPRS and the statement:

The Government commits to conducting a Productivity Commission review in 2015 of whether the agricultural sector is at world’s best practice mitigation and examine potential measures to achieve this.

Minister, firstly, what will that process be and, secondly, could that actually lead to a withdrawal of the exclusion of agriculture from the emissions trading scheme? I cannot see anything in the documentation that helps me understand the details proposed with regard to the Productivity Commission review.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.59 pm)—Regarding the 2015 reference to the Productivity Commission, I am not sure I can provide further details, because some of the questions the senator asked are for the Productivity Commission. It is the government’s view that we have made a very clear policy decision as a result of the discussions with the senator’s party about exclusion indefinitely. That remains our view. The senator is asking me to second guess what a future government, or a future parliament, might do. As he knows, nobody binds a future parliament. Obviously, I can only indicate what the government’s position is.

Senator BACK (Western Australia) (12.00 pm)—It goes to the concern upon the parameters under which the Productivity Commission may undertake that review, its process, its inclusion or exclusion of the participants and whether it may lead to a recommendation that the exclusion of agriculture be withdrawn.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.00 pm)—I take issue with Senator Back’s suggestion about the exclusion of the participants. He may have a particular view about the Labor Party and farmers, but we have actually spent quite a lot of time ensuring the sector was engaged with this. Both Minister Burke and I have met with various peak bodies. We have an officials-level proc-
ess that has worked through some of these issues with various peak representatives and we will continue that process. This only works if there is good consultation with the people who would actually benefit from these mechanisms—we agree with that.

You mentioned livestock. That is one of the things that was driving the argument for exclusion. I do not want to get into much of the debate I got into with Senator Joyce about this—and much of it probably was not appropriate for the Senate chamber—but the reality is that the inclusion of agriculture would have had a lot of problems and that was one of them.

Senator IAN MACDONALD (Queensland) (12.02 pm)—Minister, I want to go back to the domestic offsets that I was talking about before. I refer you to paragraph 4.68 on page 37 of the explanatory memorandum. It says:

The Minister must not make or amend a determination unless advised to do so by the Domestic Offsets Integrity Committee …

I then refer you to the next paragraph, 4.69:

The Minister may revoke a determination at any time, without obtaining advice from the Committee …

So, in repeating that, paragraph 4.68 says the minister must not make or amend a determination unless advised by the committee and, in the next clause, the minister may revoke a determination without obtaining the advice of the committee. They seem to be directly contradictory. Am I misreading that? I would appreciate the minister’s guidance.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.03 pm)—I am sure that when the senator was an outer ministry minister in the Howard government he would have come across the difference between ‘make amendment’ and ‘revocation’. I have not taken advice of this—I will check—but I assume the words mean precisely what they appear to mean. To avoid a situation where a technical issue is the subject of political lobbying, the minister cannot make a determination or change a determination unless advised to do so. The minister does have the power to revoke. They are quite different things. I will check to see if this is correct, but making and amending are different functions to revoking.

Senator IAN MACDONALD (Queensland) (12.04 pm)—Thank you, Minister. So you are saying that the making and amending can only be done on the advice of the integrity committee but, if you are making another decision in relation to the determination, you can do that without seeking the advice of the committee. If the minister’s interpretation is correct—and I appreciate that she says she is going to get some further advice on that; it does seem contradictory—could she explain the principles behind paragraph 4.68 of the explanatory memorandum, which says that you cannot deal with a determination unless you get some advice, and the next clause, which says you can do something else with a determination but, in that case, you do not need advice?

What is the domestic offsets integrity committee all about? Is it to give the minister advice on what she should or should not be doing? Let me not ascribe motives to the committee but it seems to me that, while you recognise that making, amending and dealing with a determination requires advice from what is apparently going to be an expert committee, if you are going to make some other decision in relation to the determination, there is not the same urgency, apparently, to get that advice from the expert committee. I appreciate that the minister was checking her interpretation but, if it is confirmed her interpretation is correct, what is the principle behind it when you are dealing with a determination and making a decision? Is it that in some cases you need the advice
of this expert committee but on other occasions, if you are dealing with a determination, you do not need the advice of that expert committee?

Senator WONG (South Australia—Minister for Climate Change and Water) (12.06 pm)—I am advised that my reading of the words was correct. An example for why you might want the minister to have the power to revoke would be if there were a change in the international accounting rules such that continuation of the particular methodology without changing it would potentially expose the taxpayer to financial risk. Obviously, once we sign up to a target under Kyoto or any subsequent arrangements we have to ensure that what we do in Australia is capable of beating that target. In addition, we can do things voluntarily. If there were a change in that boundary you would want to alter the situation domestically pretty quickly; otherwise, you might be exposing taxpayers to risk. You would then want to enable the committee to go back and say, ‘Now the international framework has changed’—possibly for the better; that may well be the case—‘and we will propose a different determination for the minister.’

Another issue where you might want the minister to be able to revoke may be if there were an ecological or biodiversity issue which had not been considered. Obviously, these are public decisions and I am sure they would be the subject of a significant amount of scrutiny. The architecture of what is being put before the Committee of the Whole does seek and build in a very substantial amount of consultation and transparency. It is a reasonably strict provision that says a minister can only change or amend a determination on the advice of the expert committee. That is intended to give farmers and others who are able to participate in the land use sector opportunities and the certainty that this is not going to be under the vagaries of some political process. That is the intention.

Senator IAN MACDONALD (Queensland) (12.08 pm)—Thank you for that. But, if it is good for the goose, it is good for the gander. If you need the advice of this expert committee—and I think it is a good idea—in one instance, why do you not if you are going to revoke it? The same considerations might apply. In a circumstance which I cannot quite think of at the moment, revocation might be attributed to what you referred to as a ‘politically influenced decision’. Were that the case, the same would apply.

We should bear in mind that this legislation does not come in for another 19 months—that is, until 1 July 2011, as I understand it. I acknowledge that this is not going to determine my decision on how I vote, and I am sure that it will not in the end determine Australian support for or opposition to the legislation, but it might just support the Australian majority view that we are perhaps rushing into this. I know that the minister will say that we have been talking about this for 10 years, two years or 18 months—I think that she said since March this year—but these quite substantial and on the whole very beneficial amendments that the government has, kicking and screaming, agreed to need some scrutiny, not scrutiny on the overall impact but scrutiny on the things that I am raising with the chamber at the moment. It seems contradictory. Therefore, I wonder why we are being asked to sit night and day to rush this through, bearing in mind that it will not take effect until 19 months from today.

Minister, I would appreciate your response to the technical question but also your comment on why it is essential to do this now when there are these little things to work through—and this is one that I happened to come across. I am only looking at the ex-
planatory memorandum. I followed it through in the legislation, but that did not give me much help. It takes time to clarify these things. I hope that are able to work these things out. Perhaps if I sit down the minister can answer (a) the technical question that I raised and then (b) why it would not be appropriate for us to spend a bit more time going through these relatively minor issues. But they are things that relate to the operation of the scheme—which, once it is introduced in 19 months time, we need to have schmick and down pat. We do not want complaints in 19 months time with those affected saying: ‘Hey, the minister has revoked this determination without getting the advice of the domestic offsets integrity committee. Why did she do that? She had to get advice from this expert committee when she introduced it and when she amended it. We might be happy with it the way it is, but now she is going to revoke it and she is not getting the advice of this committee.’ It seems an inconsistency. Perhaps it is not. Perhaps the minister will be able to wave it away. But it causes me to worry that the actual implementation by the government of the day needs to be as good and smooth as it can be. This sort of inconsistency, from my experience, would make that difficult.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.13 pm)—I have answered the question. It is just being asked in a different way. If the senator wants to have a discussion about delay, he and I have traversed that in this chamber many times. We believe that it is important to get this legislation through. This country has been talking about action on climate change for some 10 years. It has been 10 years since his government, the former Howard government, received its first report on the benefits of emissions trading. It has been over two years since then Prime Minister John Howard received advice from Dr Peter Shergold as Secretary of the Department of the Prime Minister and Cabinet saying that emissions trading was the way to go and that Australia should not wait for the rest of the world. The advice was, ‘Go soon.’ We have had the International Energy Agency say that the longer we wait, the higher the costs. They have estimated that, just for the energy sector transformation that the world is required to engage in, the cost of each year of delay is around about $500 billion a year.

The senator talks about when the scheme comes in. He knows that equally important is the signal to investors. The Business Council of Australia, the Australian Industry Group, Origin Energy and others have called for this legislation to be passed because we do need that signal to investors. We know that business certainty is a key issue in ensuring we can transform our economy. I think I have answered the senator’s question. He may not like the answer but it has been addressed.

Going to your issue, Senator Milne, I do not have any advice. I think your question was about the amount of land under licence able to be harvested. The officials in the chamber do not have that. Whilst we could take it on notice, my advice is that the Commonwealth would be unlikely to keep it because, as you would know, timber harvesting—for better or for worse is in large part regulated by state governments. It may be that you could reference the RFAs but I am doubtful that the Commonwealth would keep a comprehensive register of active licenses or authorisations to clear and I do not have officials here—or certainly not in this department—who would be able to give you advice about that.

I think the best way of understanding how we would approach the avoided deforestation issues is to come back to the primary princi-
amples of integrity. The conditions which would need to be met are measurable and verifiable or capable of being verified, additional and permanent. Obviously these are also matters which would need to be worked through by the offsets committee but some of the work that is being done internationally currently may be of assistance to us domestically in considering these matters.

The CHAIRMAN—Senator Macdonald, one final question before I go to Senator Milne.

Senator IAN MACDONALD (Queensland) (12.16 pm)—Following your ruling, I know there are other senators wanting to speak and I have some urgent things to do in my office, so I will leave for short while although I do have other questions on offsets that I want to come back to. Minister Wong, it is not that I do not like the answer you gave; it just does not make sense. One of the reasons you gave for having the domestic offsets integrity committee giving advice in making or amending was so that those involved might not think there is some political reason for doing it. I think you acknowledge that most farmers do not like your party, Minister Wong, but that is quite beside the point of the debate. I think in that instance you are very right and very correct. I think perhaps that is the only thing I have ever agreed with you on. That was your reason for having the domestic offsets integrity committee advise you on making or amending, and my question, which I think is quite reasonable, is: why then doesn’t the same reason apply when you revoke it? Perhaps other people might think there is a particular political motivation behind the doing.

What I am saying to you is: wouldn’t the legislation be better with the benefit of the advice of the independent and expert domestic offsets integrity committee in both cases? Perhaps that might have been the better way to do it, and I seek your further advice—if you are prepared to; you may just say you have already answered that question, in which case I will take it that you cannot or, for some reason, do not want to answer it.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.19 pm)—I think that is seeking to box me in, and I am not going to be, Senator Macdonald. I have answered it. You do not agree with the government’s policy on this or on other issues. That is fine. You will vote against the bill, but I have answered that question. I have given you an indication of the sort of factual scenarios that would ground the reason for that.

Senator Milne, before you ask me the next question I will come back to you on the auditor issue. You asked how many auditors are likely to have expertise in this area, and I am advised that the GEDO, the Greenhouse and Energy Data Officer—I am not sure where we came up with that particular title, but anyway—will commence registration of auditors in early 2010. Applicants for registration will be able to indicate whether they have expertise in specific industry sectors, such as agriculture. I am also advised that the government expects that a number of individuals with expertise in carbon sequestration, including forestry, will register under NGERS.

Senator MILNE (Tasmania) (12.20 pm)—I thank the minister for her answer, which was that the people who could register as auditors have expertise in agriculture or whatever. Just being an agricultural scientist—which I might say is an excellent profession, and we do not have enough of them and need more—does not mean that they would have expertise in carbon sequestration. This is an entirely new field and a very specialised one. So, whilst it would be more likely to have people in the forestry sector, as
the minister is well aware it is a hugely contentious area in terms of developing methodologies for estimating the amount of carbon in a standing forest or in a regrowth forest et cetera, let alone a new field, which is that of estimating it in agriculture, soils and the whole range of things.

My concern here is that in order to get this show on the road you are going to have to have your methodologies in place first and then your people trained in those methodologies, in spite of their being experts in their field. And those people are actually going to have to help in developing the project, which they are then going to audit, essentially, because we will not have enough people who have expertise in the field. This is what has happened to us in a whole range of these new areas. As tragic as it is, this is what happened with our attempt at insulation, where we just did not have enough people trained in installing insulation and now we have two people electrocuted and one person dead from heat stress as a result of people not being adequately trained, I would suggest, to do this work. That was just in one field and this—as we saw this happen on 1 July 2011, as we now are in the midst of the CPRS—assessing agricultural sequestration through these various methods—is a much more technically demanding field than that.

I want to come back to follow that up. You have said in the arrangement that you made with the coalition that there will be approval of projects and crediting of abatement from commencement of the CPRS on 1 July 2011. Approval of projects and crediting of abatements cannot both happen on 1 July 2011, according to what you are saying, because you are saying that units will be provided only for abatement that has already occurred and not for abatement that is expected to occur in the future. I assume that that means that you can apply for your project to be credited on 1 July 2011 and then there will be the process by which you will actually do the abatement. Then you will apply to have the abatement credited and, as it says here, you have to have an audit report by a registered auditor to actually then qualify for that. So I should imagine that if this starts on 1 July 2011 it is very unlikely there will be any abatement credits issued in a reasonable length of time—it is hard to say how much time.

I want to particularly go to the issue of permits being provided for abatement from the sources counted towards Australia’s international commitments, subject to the development of robust methodologies. So, presumably, if there are no methodologies there will be no permits for abatements from these various sources. I want to go through a couple of them—actually, all of them—for a start in a general question. What is the baseline year for all of these things? Taking fertiliser use as an example, obviously we are talking here about nitrous oxide and about changing farming methods to go organic and get off petrochemical fertilisers and all the additives that are generating the nitrous oxide emissions. If you as an individual farmer decided you wanted to get abatement for this over the next few years, are we saying that 2009, with the passage of this legislation, is the baseline year? So, you would say that I used X for my property in 2009 and I am therefore measuring it against that? The same goes for all of these things—for manure management, livestock and all the rest of it. You are going to have to have a baseline year. You especially need it for avoided deforestation; otherwise, in theory, people who have forests on their land that they have no intention of clearing could go out now and apply for a forest practices plan in order to demonstrate, 12 months down the track, that they had intended to clear it and can therefore now claim something that they never intended to do in the first place. That goes to the issue of additionality.
Then there is the issue of leakage. You might give abatement to someone for not clearing something they said they were going to clear, then over on the other property they start clearing and so you have got leakage. As you know, Minister, and as we all know, these are the issues that have vexed the international community for a long time. How do you measure it? How do you make sure that you have genuine additionality? How do you stop leakage driving the practice from one thing to another?

My first question relates to livestock, manure management, fertiliser use, the burning of savannahs and agricultural residues, rice cultivation, avoided deforestation, legacy waste and emissions from closed landfill activities. How are you going to calculate the baseline year from which you would measure the abatement activities? You cannot wait for the methodology if you are a farmer, for example, because you might want to start now to maximise your abatement in three year’s time.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.26 pm)—I have a couple of points. First, I would just like to remind the Senate and Senator Milne that the reforestation provisions in part 10 start a year earlier. Some of the discussion appears to have proceeded on the basis that all offsets would occur later. Some of the discussion appears to have proceeded on the basis that all offsets would occur later.

Senator Milne—I was referring—

Senator WONG—I think I can go to the next part of your question. Your question, Senator Milne, essentially proceeds on the basis that the only way to determine additionality is by taking a temporal snapshot. One of the key reasons why we have an integrity committee with a general principle which is set out—and I will come back to it—in 259K(2)(c) is so that we do not have a situation where you get the sort of perverse outcomes that you just postulated. You need to ensure there is genuine additionality. How you achieve that and how the baseline is constructed may differ from sector to sector. For example, if we had put in this legislation, ‘The baseline will be what you were going to do as at 1 July 2010,’ some of the difficulties you raised may well have arisen—what if someone then went and got a permit to clear land et cetera? The general proposition is at 259K(2)(c), which sets out the test: … the project would not have been proposed or carried out in the absence of the issue of free Australian emissions units in accordance with the domestic offsets program …

It will be a matter for the committee to determine how best that test is met by particular activities.

Senator MILNE (Tasmania) (12.28 pm)—I thank the minister for that but I am afraid I am a bit at a loss. I just want to take it back to where the farming community is now: hearing on the radio that the agreement between the government and the coalition is that offset permits will be available for abatement activities around fertiliser use, avoided deforestation et cetera. They are now sitting at home thinking: ‘What do I have to do on my farm and when do I have to start? Who do I register it with? How am I going to do this in order to take advantage of it?’ I think the minister and everybody in this parliament is quite right in assuming that people in rural Australia want to be able to do things. There is no question about that. They want to be able to do things to reduce their emissions. Anyway, it makes infinite sense to reduce their marginal input costs by getting rid of a lot of the inputs that cost them a great deal of money, and fertiliser is one of those. But how, on fertiliser use—

Sitting suspended from 12.30 pm to 1.30 pm

The TEMPORARY CHAIRMAN (Senator Ryan)—The committee is consid-
erating the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] as amended and government amendments (1) to (36) on sheet BE218, moved by Senator Wong. The question is that the amendments be agreed to.

Senator MILNE (Tasmania) (1.30 pm)—Just before the lunch break I was asking some questions about those activities which are counted towards Australia’s international commitments and for which CPRS permits will be provided subject to the development of methodologies. In particular, I was asking about issues around measurability, additionality and leakage and asking how, if you were a person engaged in any of these activities, you would know when this would apply, what the baseline years would be and so on. I was particularly asking, in relation to fertiliser use, how that would apply, because if you are on a farm and you decide that you are going to go organic, reduce your fertiliser use or something then you are going to need to know how that is going to be calculated in order that you can start making very clear what hectarage you have covered, what volume of fertiliser you have used over a period of time and that sort of stuff. It seems to me that there is no detail about how that will happen.

The issue I will come back to is avoided deforestation. This is an issue which still is not sorted out. I know the minister referred to REDD and the ongoing negotiations, but we still do not have a clear view of how avoided deforestation is going to be accounted for. I want to know: in the CPRS permits that might be provided, is that going to include properties or activities whereby a farmer in Queensland, for example, had let native vegetation grow back and then might have been going to bulldoze that for ongoing utilisation and then decides not to? Would that be counted as avoided deforestation?

I also note, while I am on my feet, that the minister said she could not give an idea of what sort of hectarage across Australia might be counted as avoided deforestation, because that is something that the states have carriage of. The problem we have here, which makes this grossly unfair, is that every state seems to have different policies with regard to the clearance of native vegetation. In Tasmania, for example, because Tasmania has virtually no laws against land clearance, clearing native veg and so on, there would be an argument that anyone with any vegetation or forest on their land could be credited with avoided deforestation by virtue of being able to log it if it is not covered by existing legislation. So I am rather keen to get a much better sense of some reality in the debate about what sorts of time frames we are talking about before you would get robust methodologies, especially since they will need to be consistent with international best practice and what is agreed in international negotiations.

Senator WONG (South Australia—Minister for Climate Change and Water) (1.34 pm)—Perhaps one of the difficulties is that Senator Milne has a particular policy view about Tasmanian forests—to which she is entitled—but is really seeking to assert a range of policy propositions through this legislation which are about that issue. I again refer you to my answer before the break, Senator. It is the case that the detail on all of these offsets has not been finalised. That is why what the amendments do is to set out the regime which enables them to be finalised. That is why the legislation talks about the objectives. I have referred you to those objectives, including in relation to additionality.

I have explained that, if this legislation is passed with these amendments, we will put in place a committee to consider the factual circumstances of the range of offsets which
are set out in the legislation for the purposes of considering that addi-
tionality. I do not propose to go to hypotheticals such as some of the ones Senator Milne proposes, because those hypotheticals assume certain facts which would be the subject of consideration by the committee in the context of a very clear legislative requirement around addi-
tionality, around integrity and around clarity.

In terms of the point about needing to make sure people know what is required of them, I agree with that, but that work needs to be done. Obviously, some of that work has been commenced. There has been work pro-
gressed through our current consultation processes with the agricultural sector, but I absolutely concede and agree that this work is there to be done, and so it should be. This legislation is putting forward the framework which enables that to occur and a process which will enable that to be resolved. It is prescriptive as to the need to be measurable and capable of being verified. The subclause I read out before reads:

… the project would not have been proposed or carried out in the absence of the issue of free Australian emissions units in accordance with the domestic offsets program …

So that is the additionality objective. What the committee determines is required as the methodology to ensure these policy objec-
tives are met in relation to each particular section of this, or each particular type of off-
set, will be a matter for the committee and it will involve technical work—quite highly technical work—and that is as it should be.

Senator MILNE (Tasmania) (1.37 pm)— I ask the minister why, in addition to avoided deforestation, she has not included forest protection. There are many people who have proactively chosen to covenant forests or who want to protect forests, and there is no current regime which would reward them for that. In order to prove avoided deforestation, they are going to have to show that they would have logged it and now will not because of this scheme. It seems to me unfair that those people who have chosen to protect their forests, or will choose to protect their forests, are not included. If you are going to respond by saying, ‘Well, that’s not addi-
tional,’ then you cannot prove additionality for people saying: ‘We’ve got a standing forest. We weren’t going to protect it. We would have logged it and now we want the credits for not logging it.’ That is why I find this whole issue of avoided deforestation quite difficult. I do not see how you are going to get any robustness in the methodologies.

You have said that the permits are subject to the development of robust methodologies, and it is clear that the methodologies do not exist now and will not exist for some time, depending on the degree of difficulty of proving this with each different category. Is the minister concerned that we could have a vast number of CPRS permits issued as a result of these abatement permits, and is she concerned that we could end up with, effec-
tively, a lot of hot air permits?

Senator WONG (South Australia—Minister for Climate Change and Water) (1.39 pm)—The very regime that we are dis-
cussing is designed to ensure that this aspect of the scheme—as with all the others—has integrity. So the hot air issue arises if the senator does not believe that the regime and the integrity of the offsets committee and the statutory test are sufficient. My submission to the Committee of the Whole is that this sets out in the regime a very clear statutory requirement around additionality and a committee which we have taken care to try and construct so as to avoid the politicisation of these processes in order to ensure that this is about real abatement.

Senator MILNE (Tasmania) (1.40 pm)—Thank you. I would ask the minister to tell
me then, given the time frame to establish the committee and to develop the robust methodologies and the trials et cetera, when it is her expectation that CPRS permits for abatement might come on line?

Senator WONG (South Australia—Minister for Climate Change and Water) (1.41 pm)—In relation to reforestation, because that part 10 commences on 1 July 2010, you would anticipate that permits could be credited 12 months thereafter. Therefore, consistent with the regime set out here, given that you issue permits in relation to the preceding 12 months, then the earliest for these other sectors that credits or permits could be issued, subject to appropriate methodologies, would be 1 July 2012.

Senator BOWELL (Queensland) (1.41 pm)—I am concerned, Senator Wong, about a similar issue to the one raised by Senator Milne. I want to know how the government intends to prevent an encroachment, which we are already seeing now, where prime agricultural land is sold for, or taken over by, carbon sinks. Is there some method to stop this? We are already experiencing it now up in North Queensland. We are seeing land being purchased for forests and encroaching on sugarcane and banana land, which is prime agricultural land.

I know that the particular farmers up there who are trying to buy the adjoining property for their son or their son-in-law, or who are just trying to expand their own property, are not within a bull’s roar of being able to raise the purchase price. With a carbon price coming in with the CPRS, this is going to put the price of land beyond the reach of any farmer. This has implications. Already the sugar mill in Tully is suffering from a lack or a loss of land—I do not have the figures in front of me, but I think it is around 12,000 hectares of land—and now this is threatening the viability of the mill because it will not have the necessary throughput to keep open.

With a carbon price we are going to experience a huge amount of this—people taking over agricultural land for carbon sinks. This has not been discussed much in prior speeches, but I know that Senator Milne, although for a different reason, is as concerned as I am about this. Senator Nash, too, has raised this issue. Is there anything in the bill—because I cannot find it—and anything in the amendments—because I cannot see it in them—which would prevent a gross takeover of agricultural land for people putting in carbon sinks? The price of carbon will go up and the price of bananas will go down.

The other costs that affect bananas such as transport, fertiliser and electricity will take the price of bananas down, and the agricultural land will be taken over by carbon sinks as a tax dodge. Senator Milne, Senator Joyce and I are convinced that this is a tax break for land—though we do not want to get into that argument; we have been in that argument before. Senator Milne has advice from a solicitor that the land will able to be purchased through a tax break. But leaving that aside for the moment, the real problem we have now is how we are going to prevent this from happening. It is going to happen and it is happening as we speak. It is going to happen at an accelerated rate if this CPRS legislation comes in.

Senator WONG (South Australia—Minister for Climate Change and Water) (1.46 pm)—There is one point I neglected to make in response to Senator Milne, who I think was suggesting there would be quite a lot of delay on this. If this bill is defeated, and the Greens have continued to oppose this bill, obviously there will continue to be delay on all action contemplated under the bill, including the development of the offsets regime under the bill.
In relation to the points made by Senator Boswell, these are arguments which were traversed in this chamber at great length when the relevant tax measure was previously introduced, from memory, by the previous government at the behest of Mr Turnbull—I could be wrong on that, but I think that was the process. A national Greens alliance opposed that measure. From memory, the opposition, other than the National Party, voted with the government on this. Those policy issues have been traversed. The government do not agree that the policy issues involved in trying to provide landholders with the opportunity to sequester carbon are outweighed by some of the risks that Senator Boswell puts forward. Many of the proponents of these types of activities do not envisage that you would utilise prime agricultural land for these types of activities. In fact, I would have thought there was an economic difficulty with some of what Senator Boswell is suggesting. He is suggesting that the carbon price, which starts off at only $10 a tonne in the first year of the scheme, could somehow displace agricultural production for what one would have thought would be much higher value products than that.

Firstly, there is the economic issue; what the real-life examples are and what people in this sector say. Secondly, as part of our agreement with the opposition in relation to forests earning forest credits, we said that we would require conditions for these to have adequate water entitlements. As I have previously indicated to one of your colleagues earlier today—or perhaps late Friday or Thursday night, or even late Wednesday night, I cannot recall—it would be our expectation that those conditions would be consistent with the National Water Initiative requirements. We have also indicated that we would include conditions for planning approvals.

The policy question is this: I accept that the National Party have a view that they do not believe that this opportunity should be made available because of the risks. We believe the risks have been overstated by those opposite. We think farmers should have this opportunity to make that economic decision, and we do believe that putting in place requirements around planning approval and water entitlements deal with some of the risks which are being put forward.

Senator BACK (Western Australia) (1.49 pm)—Minister, I refer to the Domestic Offsetting Integrity Committee, which you have been kind enough to provide the papers for. The first function of the Domestic Offsetting Integrity Committee is to advise the minister. Could you advise which ministerial portfolio it is?

Senator Wong—It is the Department of Climate Change.

Senator BACK—I do apologise for taking your time but I am glad I asked the question because I now understand. Can I then take it that ‘the secretary’ means the secretary of the department?

Senator Wong—Yes.

Senator BACK—Is the committee only advisory to the minister; that is, it has no statutory responsibility as such?

Senator Wong—The reason we are debating this is because it is in the proposed statute.

Senator BACK—In the event that advice was given to the minister by the committee, is there an obligation on the minister to accept the advice of the committee? What is the process by which the minister would advise the committee, and therefore the community, on the reasons why they might not accept the advice of the committee?

Senator WONG (South Australia—Minister for Climate Change and Water)
(1.51 pm)—Senator Back, you might not have been in the chamber when your colleague was asking me questions about this. We had quite a detailed exchange about the committee. The committee set out a division 2 of the amendments which are being discussed by the chamber. Proposed section 259J(2) says:

The Minister must not make or amend a domestic offsets project methodology determination unless the Minister does so in accordance with advice given to the Minister by the Domestic Offsets Integrity Committee.

Proposed section 259J(3) says:

To avoid doubt, the Minister may revoke a domestic offsets project methodology determination without obtaining advice from the Domestic Offsets Integrity Committee.

I traversed this in some detail with Senator Macdonald.

Senator BACK (Western Australia) (1.52 pm)—I did not have that information. It does mention in the documents that the minister appoints the committee. Is there advice on the process for appointment? Is it just a personal appointment by the minister? Is an advertisement process undertaken in considering applicants for committee membership?

Senator WONG—Proposed section 373 onwards of the amendments before the chamber deals with that issue.

Senator BACK—I have read those. My question is: what is the process by which the minister actually identifies those people? The documentation speaks of the membership, the chair, the numbers et cetera, but the mechanism or the process by which the minister would identify from the community those who might want to express interest in membership of the committee is not clear to me.

Senator WONG (South Australia—Minister for Climate Change and Water) (1.53 pm)—Proposed section 373E makes it clear that the minister must appoint by written instrument and subsequent subsections of proposed section 373E set out the criteria. I assume, Senator—and these are not usually matters in legislation—that the normal government processes around appointments to statutory committees would apply.

Senator BACK (Western Australia) (1.53 pm)—Finally—and it is my last question on this—there is an obligation on the committee annually to report, through the website, the draft work program and priorities and the invitation for the public to make a submission with a time delay of no longer than 60 days. Can the minister advise on the obligation, if any, of the committee to respond to public submissions that they may have received.

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a carbon sink were to go in? And, if the carbon sink forests are going to be encouraged for the purposes of reducing the greenhouse gases, what work has the government done in terms of interception, particularly across the Murray-Darling Basin, to determine what impact the establishment of those carbon sink forests is going to have?

Senator WONG (South Australia—Minister for Climate Change and Water) (1.56 pm)—As I advised one of your colleagues earlier today, page 8 of the 18 pages of the offer document, which I have now tabled, indicates the government’s commitment to include conditions for forests earning forest credits to have adequate water entitlements and planning approvals. The detail of those is not in the legislation. That is a policy commitment which we would develop in consultation with the various sectors and stakeholders. I referenced in relation to the adequate water entitlement issues that this was consistent with the National Water Initiative commitments that states made in 2004.

While I am on my feet I will respond to a question I was asked about ongoing consultation in relation to the inclusion of the land sector. My advice is that to date consultation, particularly in relation to agriculture, has occurred through the Technical Options Development Group. I am advised that current members of that group are the NFF, AgForce, Dairy Australia, Meat and Livestock Australia, the Australian Meat Industry Council, the Grain Growers Association, the New South Wales Farmers Federation, the WA Farmers Federation, the Grains Research and Development Corporation and the South Australian Farmers Federation. It also includes the CSIRO, Queensland University of Technology, Australian Dairy Farmers, the Australian Farm Institute, Soil Carbon (Australia) Pty Ltd, BRI Research, the Cattle Council of Australia and the University of Melbourne.

Senator NASH (New South Wales) (1.57 pm)—Apologies, Minister—I do not think I was clear in my question. I understand that all of that information exists. I am trying to determine whether, regardless of the rainfall in an area where a carbon sink forest is going, you will require an entitlement even if there is not a need to irrigate. I imagine that in some areas where there is a high enough rainfall it would be quite possible for a landholder to put in a carbon sink that would not actually require irrigation or the need for an entitlement. I am trying to ascertain what the arrangements would be where the rainfall itself is appropriate to deliver the water necessary for the establishment of that carbon sink forest.

Second to that, we are often asked very common-sense questions by farmers. I had one the other day from a farmer who runs a 1,500-acre farm near where I live, between Young and Cowra. This follows on from Senator Milne talking earlier about the fact that these very sensible questions are coming from farmers on the ground. This farmer put to me: ‘In terms of my farm, with all of the increased costs which are going to arise because of the increased inputs for me’—which you have outlined, Minister, so I understand you have a rough idea per acre of how that would work—‘how many acres of trees would I have to plant to offset the increase in my costs from the inputs?’

Senator WONG (South Australia—Minister for Climate Change and Water) (1.59 pm)—I have answered the question about water. The policy commitment is to have adequate water entitlements. You ask essentially about what ‘adequate’ means. The detail of that is obviously something that the government will consult with stakeholders about—that is a policy commitment—and
we will do so. In relation to the increased costs issue, I assume that you told your constituent that you were going to vote against the scheme, so it was irrelevant for the purposes of lobbying you. However, on your question to me, I note that it was the same question you asked earlier today—

Senator Nash interjecting—

Senator WONG—It actually is, Senator. It is the same question. You asked me how much people would have to do to offset. That would depend on what their input costs are and on what opportunities—

Senator Nash—I just want to clarify my question.

Senator WONG—I do not know how much clarification will help, Senator Nash.

Senator Nash—My earlier question was specifically about the domestic offsets. This one relates to the arrangements that already existed before the amendments. My question this morning was to do with the amendments. My question now relates to the provisions that were already in the bill with regard to forestry.

Senator WONG—Again, you are asking me to give a hypothetical costing for a hypothetical landowner with an assumed set of costs when I do not have any knowledge of what those costs are, what the landowner’s opportunities to reduce costs are and what their opportunities would be to put in place a carbon sink forest or other offset mechanisms. We are not forcing landholders to engage in planting forests. We are enabling the choice, so people can choose to access the carbon market just as they choose to access other markets as farmers. We are providing an opportunity. It is not obligatory; it is a voluntary opt-in.

Senator NASH (New South Wales) (2.02 pm)—The minister might take on board that, given the obvious lack of clarity surrounding these issues for farmers, a Senate inquiry might be a very good idea.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.02 pm)—I think the lack of clarity is as a result of the actions of the opposition in this chamber. Those actions have added to uncertainty over a number of years—most recently since June, from which time you have delayed this debate for months. You delayed it in June. You engaged in procedural games so you did not have to vote on it. You then voted it down in August. What you have been engaging in since it came back into the chamber is the same delay. I do not think anybody is under any illusions. That is fine; you will be held accountable for that political strategy. I disagree with it. I think it is an abrogation of responsibility, but that is your strategy—you can defend it. If there is uncertainty about this policy area, it is not because the government has not been trying to provide certainty. It is because the opposition—which believed it was in the national interest to act on this issue and believed it was in the national interest to pass this bill—is currently engaging in a round of internal division because they do not want to take action on climate change.

Senator XENOPHON (South Australia) (2.03 pm)—This follows on from the line of questioning of Senators Milne, Nash and Boswell about the whole issue of water and the credit for forests. I note that the Minister for Climate Change and Water has made it clear that she is not forcing landholders to grow forests. She has made it clear that the conditions are that the forests are to have adequate water entitlements and planning approvals. We are enabling the choice, so people can choose to access the carbon market just as they choose to access other markets as farmers. We are providing an opportunity. It is not obligatory; it is a voluntary opt-in.
Milne—how will this work in the scheme of things and how will it impact on the water market? We know that managed investment schemes—not something that Senator Wong and her government were responsible for—got out of control. They have impacted on the water market. We now have the issue of the potential impacts of this on the water market and also the whole issue of interception. How will any assessment look holistically at the whole Murray-Darling Basin, for instance, and the water market and its impact on the pricing of water?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.04 pm)—This really goes to the issue I was discussing with Senator Milne and Senator Nash. That is precisely why we have said we have a policy commitment that would include conditions for forests to have adequate water entitlements and planning approvals. I reference that, in response to Senator Milne and also to Senator Nash earlier today, I said that we see this as being consistent with the National Water Initiative, which, as you will know, included a discussion about the need to license other interceptions—for example, plantations. The states have not moved as far on these issues as many people would have liked. We hope that the states will continue to move forward on complying with their obligations under the National Water Initiative. What we have said here is that we are making a policy commitment to such a regime. Obviously the detail of that is something we do need to work through with the stakeholders.

Senator XENOPHON (South Australia) (2.05 pm)—I thank the minister for her answer. Just to follow that through. I think she reinforced my point that the Commonwealth should take over the management of water. It just shows you how much confidence I have in the minister that I would rather she take over water than let a number of states run it. At least she is smiling!

Senator WONG—I have enough to do!

Senator XENOPHON—Isn’t the problem then that, because it is subject to the National Water Initiative, if the states do not come on board we could potentially have a situation where the requirement to give adequate water for these forest plants could impact on interception and water pricing?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.06 pm)—I know you want us to take over water but I think I have enough on, so I might leave that for a moment. If I may say so, Senator Xenophon, I think the policy problem to which you are referring is precisely why we are saying that, as a condition under this regime, these forests will need to have adequate water entitlements. There will be a question of what ‘adequacy’ means. Senator Nash raises the question: ‘If you are in an area which is non-irrigated and not regulated, why would you need to have a water entitlement?’ That will be an issue that the government will have to work through. But I think the point you are making is precisely why we wanted to include this, which is that we need to progress water reform but recognise that some parts of that will progress more quickly than others. We can make the requirement to have an adequate water entitlement a condition of credits under this scheme for forests.

Senator XENOPHON (South Australia) (2.07 pm)—My final question on this line of questioning is: will any conditions take into account the whole issue of interception and water and the impact on agricultural land as well? In other words, will they have to consider holistically what the impact will be, for instance, on the Murray-Darling Basin?

Senator WONG (South Australia—Minister for Climate Change and Water)
(2.07 pm)—I am advised, in relation to the first issue, yes. The second issue really reverts back to the discussion I had with Senator Boswell.

Senator MILNE (Tasmania) (2.08 pm)—
I just wanted to follow up on this. I recognise it goes to the line in this document which says:

- include conditions for forests earning forest credits to have adequate water entitlements and planning approvals …

One of the issues which accounted for the failure of managed investment schemes was that people got a 100 per cent tax deduction for planting trees in areas where they would never grow. They never, ever had sufficient water to be able to grow a forest, but it did not matter to them because it was not for the investors in the end. So the way this is written can actually be read two ways. One way is that in order to get abatement you have to demonstrate that you already have a water entitlement. The other way it could be read is that it is including conditions so that, if you plant a forest, you get adequate water entitlements. But I also want to know if you are going to revisit the issue that you cannot get it unless you are in a rainfall zone or else have water entitlements such that the trees will actually grow. I also want to know if you will be ground-truthing this, however many years down the track, to ensure that the abatement is there. Can you just tell me how, in two, three, five or 10 years down the track, you will get a forest credit for planting a forest? Are they the same provisions as the reforestation provisions in terms of accounting for it?

The second thing I want to ask about is planning approvals. Again, this is something that the Commonwealth does not have control over. It is local government that controls planning, and most local governments do not have in their planning schemes anything pertaining to plantation forests, carbon sink forests or any other kind of forest. If you get the ability to declare an area a carbon sink forest or whatever, in the Tasmanian case you just have to get it approved as a forest and local planning laws do not cover it. I want to know what this planning approval is. How is the Commonwealth going to guarantee that the planning approval will be at the local level and not at the state or the Commonwealth level in terms of giving planning approval for these forests?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.11 pm)—I do not think I can make such a commitment. If the senator is asking the minister with carriage of the bill for a commitment that we are only going to allow local planning approval and not any state or Commonwealth planning process to be relevant, I do not think I can give that commitment. The senator may want us to do that, but that is not the case and that is not what the policy commitment is.

In relation to the first section of your question, Senator, I am not sure if there is a particular part of part 10 that you are referring to in relation to the certificate of reforestation—this is in section 194, which is at page 247 of the substantive bill. I have to say that I had some difficulty just discerning what you were asking in relation to the first part. In relation to the second, we have made a policy commitment. Yes, we will have to work through the detail on that; I accept that, but part of what was agreed with the opposition was that we would include these additional conditions.

Senator MILNE (Tasmania) (2.12 pm)—
Since I was not part of the coalition negotiating team, I have no idea what they agreed to when they talked about planning approvals. The point that I was making was that the Commonwealth has no power over local
government. How are you going to guarantee anything about planning approvals unless you are going to have Commonwealth or state planning override local planning? I simply do not know how you are going to guarantee that when it is not your area of jurisdiction. In terms of the first, the simple point—

Senator WONG (South Australia—Minister for Climate Change and Water) (2.12 pm)—If I could respond to that first part, Senator, you are correct. I am not an expert on what planning jurisdiction that the Commonwealth has, but what we do have power over under this bill is the issuing of credits, so this goes to what conditions apply to the issuing of those credits under that division.

Senator MILNE (Tasmania) (2.13 pm)—I accept that, but you will give the permits if the conditions you apply regarding water entitlements and planning have been fulfilled and yet we do not have a clue what the planning requirements are going to be that you might require in order that the permits be issued. That is my point. Putting planning approvals in is completely meaningless because we do not know at any level what it is you are intending. So I am asking you: what sorts of planning approvals are we talking about that would need to apply before a person was eligible for a Commonwealth credit?

Secondly, in terms of water entitlements, the point I was particularly making was that managed investment schemes allowed for people to get a 100 per cent tax deduction for planting a forest in a place where they knew it would never grow, and it did not matter, because the people who were making the investment and the people who were setting up the investment were making mega profits out of it, and they did not have to worry whether the trees ever grew or not because it was never their intention to be bothered about that end of process.

When you talk here about including conditions that forest credits have water entitlements, I want to be sure that it is not just having a water entitlement in terms of purchasing an entitlement but that there will be some kind of restriction which says, ‘You can’t be included in this unless you are growing these trees in an area above a certain level of rainfall,’ or whatever will guarantee that they actually grow there. I also asked you about assessing the carbon in these. I have not read the provision you just quoted on page 243 or whatever it is. What is the review process for determining the volume of carbon in these carbon sink forests and at what interval is that assessment going to be made?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.15 pm)—In relation to the third issue, I will just get some advice. As to your reference to the MIS, the managed investment scheme, I am advised that the test in relation to achieving that taxation treatment was that the person seeking the treatment planted. However, under the CPRS, the credits are based on sequestration. So that is a distinction. Sequestration, I am advised, will be measured by the national carbon accounting model, which will take into account actual rainfall and the implications for actual sequestration.

In relation to the water issues, I thought it would be useful to remind the Senate of what the National Water Initiative references in relation to interception. The parties to that, the states and the Commonwealth, agreed in relation to water interception that ‘in water systems that are overallocated, fully allocated, or approaching full allocation,’ any proposals for additional interception activities above an agreed threshold size will re-
quire a water access entitlement. So the intention was that we would be seeking to require conditions under this regime that were consistent with the National Water Initiative.

Senator MILNE (Tasmania) (2.17 pm)—Does that mean, Minister, that you will only be able to get permits in catchments which have been assessed in terms of the sustainability of water? There are an awful lot of catchments that have not yet been assessed under the National Water Initiative. Does that mean you cannot get a permit if you are living in a catchment where that has not already been determined?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.17 pm)—As I previously said, the commitment is to adequate water entitlements. The question of what is adequate will include consideration of some of those issues. But that level of detail is not in the legislation, Senator, and it would not be normal for it to be. I appreciate your proposition about clarity, but these are requirements and conditions which we have given a policy commitment to, and we will work through with stakeholders as to what specifically constitutes adequate water entitlements because, as you quite rightly point out, that will differ depending on where the forest earning forest credit is located.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.18 pm)—Under the scheme as it currently is, there are voluntary opt-in provisions in relation to forestry. These are in the primary legislation. It is a voluntary opt in, which means that you can gain a permit but then, if you choose to harvest, you would have to remit a permit for the equivalent amount—for however much carbon is deemed to be no longer sequestered as a result of harvesting.

You do refer to an issue with current international accounting rules which do not recognise the sequestering of carbon in wood products. That is an issue; it is something Australia has said should reflect better the reality of what occurs in terms of wood products. I make the point, though, that you would also then have to account, for example, for—and this is one of the reasons it has been problematic—what happens when the wood rots and who that is allocated to. The current international accounting rules draw a line. You raised an issue that Australia, under both governments I think, has been discussing in the international context for some time, but the bill before the chamber reflects the current international rules.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.20 pm)—It seems that there is a discussion about noticing that, when a forest is harvested, someone has to remit a permit, but if the equivalent of a permit for carbon is identified and timber is used to construct a house—and we know there are houses using timber that are hundreds and hundreds of years old—discussions are taking place at the moment in which Australia is moving in the direction of trying to encourage carbon being recognised as sequestered in building products in a range of houses.
Senator WONG (South Australia—Minister for Climate Change and Water) (2.21 pm)—Perhaps the best way of clarifying this is in Australia’s submission in March this year to the international negotiations on land use, land use change and forestry, which specifically talks about harvest of wood products. We made reference to the New Zealand proposal—and this is what we were saying as at March, so I am not sure whether there has been any shift in the New Zealand position—which they described as emissions to atmosphere which provides a practical approach to account for emissions when they occur. We said the proposal had potential as a viable accounting treatment for harvest of wood products post 2012. In the submission we supported New Zealand’s proposal that the approach be applied to wood products harvested from 1 January 2013. I read from the international submission that Australia made:

Using an approach such as ‘Emissions to Atmosphere’ is likely to create an incentive to produce longer lived wood products. It will be necessary to ensure that this does not at the same time create leakage for production of short lived wood products to countries not subject to emissions limitations.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.22 pm)—Where is Australia at this stage of the current negotiations in which Australia is pursuing the change in the carbon accounting rules so as to recognise carbon sequestered—I do not know whether this is the proper term but let us call it that for the time being—or carbon stored in buildings and other long-term uses of timber? Are we still pursuing that course of action? Where is it on the agenda? What is the next stage of negotiations in that process? How do you see your chances in going with it?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.23 pm)—I do not think there is anything more.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.23 pm)—I do not know if that response means that you have answered the question or you do not know. What does your silence represent?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.24 pm)—I am sorry, Senator Joyce, I was not aware there was anything new. If there was, perhaps you could draw my attention to anything new in your question.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.24 pm)—Are you going to be pursuing this course of action to change the carbon accounting rules to allow for the recognition of carbon in buildings in your next discussions at Copenhagen?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.24 pm)—Australia will continue to argue for carbon accounting rules, including in relation to the harvest of wood products, which more accurately reflect the scientific reality. What I read to you was the submission earlier in the year in which we did so.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.24 pm)—Thank you very much for that. In recognition of the scientific reality of carbon sink forests—that, in many cases, they are an inferior storage of carbon to summer grasses—are we now going to go back to that piece of legislation and review it in such a way that it recognises the scientific reality that summer grasses store more carbon than dry sclerophyll forests?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.25 pm)—We had a very long discussion on summer grasses, which I suppose is a rather odd thing for Senator Joyce and I to be
discussing. But we did so for quite a long time on Wednesday or Thursday night, I think, Senator. I would refer you to my answers on those occasions.

**Senator JOYCE** (Queensland—Leader of the Nationals in the Senate) (2.25 pm)—I recognise the discussion because I was party to it. But I did not get the answer then. Work by those such as Dr Christine Jones clearly identifies that summer grasses sequestrate more carbon than dry sclerophyll forests do. Minister, we would have to go back, using your words, to the scientific reality that carbon sink forests as prescribed in the legislation are an inferior storage of carbon to summer grasses; therefore, we will have to go back to that legislation to bring it into a form that deals with the reality of the carbon it sequestrates. Is the government going to review that legislation to bring it into line with the scientific reality or isn’t it?

**Senator WONG** (South Australia—Minister for Climate Change and Water) (2.26 pm)—Senator, we did go through this, including the reference, I think, to that scientist. I referred you to the relevant provisions of both the offset provisions and the voluntary market provisions.

**Senator JOYCE** (Queensland—Leader of the Nationals in the Senate) (2.26 pm)—With due respect, what was discussed in that answer, Minister, was what happens from this point forward. You referred to the offsets that you are now discussing but you did not give a clear answer as to whether you are going to review the legislation pertaining to carbon sink forests, brought in by the current government and currently in place, which quite clearly and evidently brings about an inferior sequestration of carbon to what was there prior to that. It is a clear question I am asking. We have a piece of legislation in place now dealing with carbon sink forests which is completely oxymoronic, because we are actually storing less carbon than was originally there. You are going to have to amend the legislation to go back to what it was so that if you really want to store carbon you are going to store it in the form of summer grasses as opposed to dry sclerophyll forests. The question is: are you going to review that piece of legislation? The answer you gave the other night was in relation to what happens from this point forward with regard to carbon offsets for farmers. You said that people can apply for carbon offsets but you did not address the issue of what happens with the current piece of legislation pertaining to carbon sink forests.

**Senator WONG** (South Australia—Minister for Climate Change and Water) (2.28 pm)—First, I just want to note the assertion of inferior sequestration because I do not want the senator to believe that, if I do not note it, I agree with it. That is his view. That is a view subject to some dispute. Second, what I went through explaining on Wednesday or Thursday night was that, under the agreement with the opposition, we have said that we will include in the CPRS, subject to appropriate methodologies, sources which we know will count towards Australia’s international commitment.

Let us step back a bit. The current belief in terms of developing an international agreement says nations such as Australia, the US and others come forward and we make a commitment to the international community that we will reduce our emissions. That is our contribution to the global agreement. Similarly, actions are committed to. We are seeking actions from developing nations; they would be of a different type. Obviously developed countries have already achieved a certain level of development; what we have to do is to have a net reduction. That is what Europe has committed to, what New Zealand has committed to, what Japan has committed to, and what the US has committed to provi-
sionally, subject to its congress passing the legislation.

Once you make a commitment, you are signed up to it. Therefore, if the CPRS is, as the government wants it to be, the scheme that gets us reducing those emissions and reducing our target then obviously we only want included in it the things that help us meet that target. Otherwise, we sign up to a target as the government and, if we include things in our scheme that do not count towards that target, the government is going to have to make up the difference somehow. That would be a risk to taxpayers, so we do not want to go down that path.

What we have retained here is this: whilst the international carbon accounting rules remain as they are we will include the things that count towards our target. For the things that do not count towards our target but which are valuable anyway—because we know they may be of benefit, we know they can sequester carbon or we know that we want to learn about them by doing—we will create a voluntary market. The non-forestry-vegetation management currently does not count towards the international commitments. What we are saying is: let’s create a voluntary market where people can buy a green credit that is not in the CPRS if they wish. In the voluntary market they can purchase it for whatever reason. We learn by doing. Then, if and when the international accounting rules enable us to count that, we have a solid base of action and evidence which enables us to bring it into the scheme.

What the senator is asking about is a type of vegetation which as I understand it is not currently in the international accounting rules, so we are saying that that and other forms can be part of the voluntary market. That enables us to work with the sector and with landholders to develop methodologies for the voluntary market, which places us in a much better position when the international community decides that this is a sufficiently proven method that it should be included internationally. Remember: this is also about proving up sequestration opportunities. We cannot just pretend something sequesters carbon; we have to be able to demonstrate it and prove it, and proving it up is an important part of what we are doing.

I should clarify one thing. As I understand, currently, the grasses would not count towards Australia’s target, because we have not elected, for a range of other reasons, to include cropland management in our national inventory.

Honourable senators interjecting—

Senator WONG—There are reasons for that, and I think you and I traversed some of them late last week.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.32 pm)—I do not know about sequestering carbon, but I am going to lose a few pounds here getting up and down! One brief thing in closing: I understand what you have said about a voluntary green market. That makes abundant sense if that is the process. One thing you did say was that there was an issue of summer grasses sequestering more carbon than a dry sclerophyll forest, if not rainforest timber. It has been suggested that rainforests sequester more, but for that you need in excess of 1,500 millimetres of rain. Dr Christine Jones’s paper is widely circulated, widely discussed and widely published and peer reviewed. When you say it is ‘in dispute’, in dispute by whom?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.34 pm)—It was your rather bald assertion that summer grasses provided better sequestration than forests. I simply wanted to say I am not sure everybody would agree with that and it is certainly not agreed upon by all.
That was my only point. I do not particularly want to get into a discussion about Dr Jones and summer grasses again. We can if you really wish to, but we have previously traversed this for quite some time.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.34 pm)—It is not all forests; it is dry sclerophyll forests and lesser forms of forest. This is very important. The intertwining of this tapestry is that if summer grasses sequestrate less carbon than dry sclerophyll forests, then you would have to have a form of forest that is not dry sclerophyll forest but rainforest. That means you would have to go to a form of land that can sustain a rainforest, which means you are heading towards prime agricultural land, at the expense of cane lands, and there are a whole range of issues. I have not seen where the dispute has been raised about dry sclerophyll forests and lesser forests sequestrating less carbon than summer grasses. You keep mentioning that that is a disputed item. I am just curious as to where you get that evidence of a dispute because, for the life of me, I have never seen it.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.36 pm)—I did not know that Senator Joyce was a fan of long grass, but there you go.

 Senator Joyce—Hemp does sequestrate though.

Senator BOB BROWN—Hemp does. Hemp sequestrates more, but then you have got the problem of what happens in winter. The minister may have anticipated this, but the Green carbon report, from Professor Mackey at the Australian National University, shows that the tall eucalypt forests of the central highlands of Victoria have an uptake of some 20 times the figure used by the Australian Greenhouse Office. They contain massive amounts of carbon and they are holding that back against greenhouse gas emission into the atmosphere. But under federal government authority they are being logged and burnt at a prodigious rate. It is the same for tall forests in Tasmania and southern New South Wales.

The minister just mentioned voluntary action being accredited. I ask: what is the government’s proposal where the destruction of these forests ceases? What is the accreditation that is going to be given to the state or private authorities that protect such massive carbon banks—the biggest in the Southern Hemisphere—from being turned into massive tonnes of greenhouse gases in the atmosphere? And what price does the minister think will be in play in protecting those great carbon banks?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.38 pm)—I think when you made reference to the Commonwealth authority for logging, what you were referring to was the regional forest agreements. That is a policy position of the government. I know it is one with which you disagree, but it is a policy position of the government to respect the RFAs. Some of what you have raised is essentially asking that the government not implement its regional forest agreements. That was, as you know, a bipartisan position—but you never know what is bipartisan these days. I am just going to get some advice about the accounting that you referenced, Senator, but we have made clear that we continue to observe the RFAs and we do not intend to resile from that policy position.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.39 pm)—Yes, and nor has the minister, nor the Rudd government nor the Prime Minister himself, allowed there at any time to be entertainment of the Howard government policy—now taken on 100 per cent by the Rudd government—of not just allowing but certi-
fying the destruction of the biggest living carbon banks on land in Australia primarily for export woodchips to be sent to Japan where, primarily, they are used as an energy source for heating and electricity and a by-product is making paper.

We are in this extraordinary position where climate change is agreed by government to be—and the Prime Minister said this just last week—a menace that is hanging over the country, its children and its grandchildren. It is an existential crisis that we face, but the government is authorising the destruction of the biggest hedge against climate change that nature gives us in Australia. It is not just an absurdity but it is an irreconcilable piece of irresponsibility by this government. The minister volunteered that there will be voluntary consideration of projects which have this effect. She was responding to Senator Joyce talking about summer grasses, but I am talking about an already in place hedge against climate change which is massive—the biggest natural one that we know of on land in Australia—and I just want to know if the minister has done the arithmetic on the research which shows what the carbon would be worth if landowners—let us go to private landowners outside the regional forest agreement—want to protect their tall eucalypt forests or rainforests from the option of logging? What is the carbon market going to offer those landholders, and what incentive is the government going to give to landholders in private forests—if governments cannot do it themselves in state owned forests—to forbear logging and burning and converting into massive greenhouse gas emissions the natural forests of Australia?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.42 pm)—In relation to private landholders, obviously the forest mechanism that we have already been discussing provides an incentive for reforestation. The senator may not be aware that in relation to the state of forests, the 2008 State of the forest report shows that 1.5 million hectares of forest have been added to the reserve systems since 2003, and that 23 million hectares of native forests are now in formal reserves.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.43 pm)—The minister has just said that you will get incentives if you knock your forest down and grow something in its place, which is going to be a net loss of carbon forever in terms of the future horizon that we are looking at. What is the incentive if you do a far better thing for climate change and do not knock the forest down in the first place and, by the way, add another gift to the nation by protecting biodiversity, because nearly always these forests are the habitat of rare and endangered plants or animal species? So, I just ask the minister: can she see an absurdity in a projected gift to people who log forests and then replace them with some form of regrowth rather than there being a direct assistance from government or the market to protect forests that are already standing, have been accreting carbon for centuries and are doing the best possible job we could want in an age of greenhouse gas emissions and dangerous climate change?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.44 pm)—I do not think what you said was quite correct in terms of suggesting we are giving an incentive to knock forests down and then replant. Part 10 in the original bill—it is in the definition section, section 5—requires that as at 31 December 1989 the land stand was clear of trees. This is what is known as a Kyoto forest, I think. That deals with the incentive issue that you raised.

In addition, as a result of the amendments put forward by the government and policy
commitments made by the government, we are providing an incentive for credit for regrowth again on land that has already been legally cleared between 1990 and 31 December 2008. There is not a suggestion that people could knock down trees now and then put in place a forest and get a credit. That is a separate policy issue to the policy issue you are putting, which is your party’s policy of opposition to forest management or forestry. I understand that, but that is not the government’s position. The government’s position is to maintain the regional forest agreements and to seek to strike that balance between productive use and conservation use.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.45 pm)—We are not opposed to forest management. We are opposed to the gross dereliction of custodianship in the mismanagement we see in those logged forests, particularly those spurred by the woodchip industry at the moment. The minister has effectively answered the question: if you protect your forests you do not have a look-in. Is it not right that under the Kyoto arrangements people who logged forests after 31 December 1989 were not to get any reward for it because they were actually converting carbon resources into something less, forever? Under this proposal, are you not allowing offset credits for regrowth on land that was logged after that date right up until the same date last year? For example, if Gunns Ltd or Forestry Tasmania has logged forest areas since 1989, are they now going to be recognised and accredited for what is growing on that land? That replaced the richest carbon banks in Australia under government authority, with somewhere between $500 million and $1 billion of public money to foster it under various Labor and Liberal governments since 1988.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.47 pm)—With respect, Senator Brown, this is not about Gunns.

Senator Bob Brown—I use that as an example.

Senator WONG—This is not about Gunns. I know why you want to use that example, but this is about the measures we can put in place to encourage the reduction in Australia’s emissions as our contribution to fighting climate change. I know the philosophical position that some of the Greens have—which says we should not reward people for past behaviour—but we also need to think about how we give people an incentive to sequester carbon now. We are not putting in an incentive for people to knock down trees. We have made it clear that it is only land which has already been cleared. You cannot now say, ‘We are going to include it up until the end of this year and, therefore, if the Senate passes the scheme I will knock my forest down, replant it and get a credit.’ That is not what this provision says; it says if you have already legally cleared it. Whatever you might say about that, Senator Brown, the fact is that it was cleared. You may say that it should not have been cleared, it was wrong, it was political et cetera, but whatever the reason for it we are saying there is a net benefit to the environment if we enable credit for people allowing forests to grow on that land. That is a net benefit to the environment. That is why we have allowed credit for regrowth on forested land to be part of this agreement.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.49 pm)—When the minister waves her hand and dismisses something as serious as this as ‘political’, that there is no substantial argument to it, she is creating a gross misrepresentation of her own intelligence. She knows full well that this is an egregious dereliction
of duty by serial governments, with the Rudd government now at the helm.

I asked whether it was right that the Kyoto process—and the minister has said this herself, so she knows it is right—said that as of 31 December 1989 people who logged forests were not going to be accredited with what grew on the places they logged, because that is absurd. It is absurd to give them credit for the plantation that is growing there, which will never get back the carbon and methane that has been lost out of the original, natural forest. Now suddenly in this legislation all those people who were told, ‘You cannot do that because it would be wrong; it would be an immoral accounting trick,’ are being told, ‘We’re going to reward you.’ The coalition may have come in and convinced the government that is a good thing. One should not be surprised, because the logging lobby, the National Association of Forest Industries, with its headquarters just across the road from this parliament has a huge influence on government and the coalition through the CFMEU, which has led to this absurd outcome.

The question I am asking is: what on earth is going to prevent a future government saying, 20 years down the line, ‘This legislation says you can’t get credited for destruction of forests and woodlands that occurred after 31 December 2008.’ What on earth is going to prevent a future Labor or coalition government saying, ‘We’ll ignore that and we’ll count that destruction of forests as being a good thing; we’ll ignore the greenhouse gases going into the atmosphere from that destruction of forests but reward the forest destroyers for the much smaller amount of carbon created through the plantation forests,’ never taking account of the permanent loss of biodiversity that has occurred? I have two direct questions here which the minister might answer. Is the government allowing avoided deforestation credits in this program? Is it allowing offset credits for regrowth on deforested land? I think the minister has already said yes to the second question.

Senator Wong—What was the second question?

The TEMPORARY CHAIRMAN (Senator Hurley)—Senator Brown, could you repeat the second question.

Senator BOB BROWN—The second question is: is the government allowing offset credits for regrowth on deforested land—that is, the forest land cleared since 31 December 1989 that the minister referred to? The answer to that one is clearly yes.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.52 pm)—The answer to the second question, I think, is yes. I had a rather long discussion with Senator Milne about the first question, and we do say we are prepared to include avoided deforestation. Senator Milne and I—you may not have been in the chamber, Senator Brown—had a discussion about the fact that we would require robust methodology for that. I acknowledge that is a complex issue, but we are saying it could be included subject to that methodology being created.

I will take one step back and talk about your concerns regarding regrowth forest on deforested land, and this is an issue I have had positive comments about from some NGOs. It depends where one starts from. If you start from the proposition, ‘This clearing was bad so we should just make sure that no one who now owns land that was cleared can do anything about it,’ then your proposition flows. The government does not think that is a sensible way forward. Regardless of what one thinks about the reasons for past clearing, surely there is environmental and policy merit in giving landholders an incentive to sequester carbon through regrowth forests.
Whether or not they should have been cleared is a separate policy argument, and obviously one’s answer to that will depend on the factual circumstances because they would not be the same on every occasion. But, if this land is already cleared and we can give landholders an incentive to contribute to the solution on climate change, may I suggest that is a pretty sensible approach?

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (2.54 pm)—It would be, if the government was giving equal reward, per ton of emissions, to those people who do not clear their forests, because they are the best of the lot. The woodchip and logging industry has got this government, against the public interest, to fail to reward those people because it involves large areas of publicly owned forest. It is the public, the average person in Australia, who is losing out massively in this whole deal, whichever way you look at it. We know about the $6 billion being transferred out of households across to big industry under the coalition’s pressure, on top of the $16 billion already going to the big polluters. This program is another case where good-hearted Australians, even on private land, who want to protect old-growth forests get nothing and those who log forests and start growing seedlings of some sort get rewarded. That is plainly absurd and it is culpable. It is illogical and unforgivable behaviour from the government in an age of climate change.

Nevertheless, I would like to ask the minister: what is the potential cost in monetary terms of the reward that will go to people who cleared forest over 20 years post-1989, who were told they would never be rewarded but are now going to be credited under this program? Can the minister give an estimate of the potential reward, in a carbon-trading era, that will go to those forest managers? I am sorry I mentioned Gunns before. They are going to be the recipient of a huge windfall before this is through, but mentioning them has upset the minister’s sensibilities so I will just ask a general question. What is the value of this amendment—which the government has accepted from the opposition—going to be in windfall gains to those people who did the wrong thing and cut down standing forests in the last 20 years, knowing full well that that would pour massive amounts of greenhouse gas emissions into the atmosphere?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.57 pm)—I have to respond to the senator’s political observations about the Australian people losing out. I respectfully suggest that the Australian people who wanted action on climate change were not well served when this bill was voted down. The senator is concerned about greenhouse gas emissions. He knows that without this legislation Australia’s contribution to climate change will continue to worsen and our emissions will continue to rise. It is a matter of note that the Greens voted with Senator Fielding against this legislation—against the first time, whatever your view about the merits of the scheme, we would have had a scheme which put a limit on and then reduced Australia’s contribution to climate change. Without this bill our contribution to climate change will continue to worsen.

On the next point, I will give the senator the benefit of the doubt—maybe he did not understand me the first time. He suggested again that this bill gives people an incentive to knock trees down—it does not.

Senator Bob Brown—It does.

Senator WONG—It does not, Senator, and you would be misleading the chamber if you continued to assert that, because the land already has to be cleared. This is land already cleared; it is not land subsequently
cleared. It is land legally cleared between 1990 and 31 December—

Senator Bob Brown—You are so wrong.

Senator Wong—I am reading from the government’s position. If the senator is asserting that somehow I am misleading the chamber, he should just get up and say it. It is land legally cleared—that is, already cleared—

Senator Bob Brown—I was just saying you don’t get it.

The Temporary Chairman (Senator Hurley)—Senator Brown, do not continue the conversation across the chamber. You have had a range of questions now and the minister is answering.

Senator Wong (South Australia—Minister for Climate Change and Water) (2.59 pm)—The position is, as I have articulated on a number of occasions, that the credits for regrowth on deforested lands are in relation to land legally cleared between 1990 and 31 December 2008. That is not an incentive for clearance now. I think that covers the issues you raised.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (3.00 pm)—I have a few questions. Minister, one would presume that there is more carbon sequestered in a big tree than a small tree. Under this, when a small tree becomes a big tree, do we get a credit for that?

Senator Wong (South Australia—Minister for Climate Change and Water) (3.01 pm)—The definition of forest stand in section 5, page 15 of the primary bill has some requirements. First it says: … the stand is taken to have been established by means of direct human induced methods. It continues:

… the stand occupies an area of land of 0.2 hectares or more.

… the stand consists of trees that:

… have attained, or have the potential to attain, a crown cover of at least 20% of the area occupied by the stand, and

… have reached, or have the potential to reach, a height of at least two metres.

Then there is the previous land clearance requirement, to which I referred Senator Brown. It is not just one tree in the corner of your property.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (3.02 pm)—I did not think it would be. Thank you very much for that. As you know—or maybe people are not aware of this—if you just leave country alone it will naturally revegetate by itself, quite quickly in some areas. In fact, if you do not control brigalow and gidgee, it will literally take the country over. The classic one is white box or Eucalyptus populnea. Does that mean that, if I go out and plant Eucalyptus populnea, I will get a credit for it but, if it just grows naturally, I will not?
Senator WONG (South Australia—Minister for Climate Change and Water) (3.02 pm)—You only get a credit if you opt in and if the requirements of the legislation, including the requirements I read out, are met.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.03 pm)—I understand exactly what you are saying. The query I have revolves around the statement that you made when you were reading out the prerequisites, that it has to be human induced. ‘Human induced’ could mean that I just spell the country. If I do not put cattle or sheep on there, that is a human induced outcome. Am I going to get a credit if I opt in for those trees under the premise of ‘human induced’? Or is that not human induced, meaning I have to put up with the trees there? Or do I actually clear the country, stick rake it and keep it clean because if I get naturally induced trees I will not get a credit? I can go out and plant exactly the same trees in seed pots. This is an interesting thing. If I just leave the country alone and the Eucalyptus populnea suckers back up and revegetates a section greater than 0.2 hectares, with a height greater than two metres and with a crown cover greater than 20 per cent, I do not get a credit for it, but, if I get a dozer in there, use all the diesel I can to clear the land, and then go and plant exactly the same trees as were going to grow naturally, I do get a credit for it.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.04 pm)—No. As I have spent some time explaining, the land must already be cleared.

Senator Joyce interjecting—

Senator WONG—You talked about getting a bulldozer, Senator. The land must already be cleared. In relation to the part 10 forests, it must be pre 31 December 1989. In relation to regrowth forests, it must have been previously cleared between 1990 and December 2008. I again say that the definition in the legislation is that the forest stand: … is taken to have been established by means of direct, human-induced methods …

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.05 pm)—Okay. So what? 1989, 1990 or 2008—it really does not matter. If you leave country vacant, it will revegetate. It is the natural occurrence in Australia. It does that all the time in Australia. There are vast amounts of country in Australia. If you do not keep vegetation control in play, the country revegetates. It is just the way eucalyptus country works. I can show you an abundance of country that was cleared about 1920 or 1930, and when that country is left alone it revegetates with trees. So are we saying that you have to have made a decision to keep the stock off it or to keep off mechanisms of human induced timber control? That is what it is: human induced timber control. You go out there and Velpar it or, before that was available, Graslan it. If you want to completely clear it, you run a chain across it to keep the country clear—because if you do not then it just turns into a forest and therefore you lose all the value of your land because you cannot run stock on it—or you pack it up with sheep. You might pack it up with wethers, for instance, that flog the country out and keep the timber down.

If you stop that vegetation management practice, the country will go back under timber. If it goes back under timber by that process, it appears—I am trying to get to where you are—that that is not human induced. I read into it that you have to actually plant the trees. If I go into that country that has been cleared since 1920, 1930 or 1880 and plant exactly the same tree as would grow naturally then when I plant the tree I get a credit for it, but if I have just let nature
take its course and revegetate it then I will not get a credit for it.

Senator MILNE (Tasmania) (3.07 pm)—Before the minister responds, I would like to follow up with Senator Joyce, because this is precisely the point I was making this morning on avoided deforestation. What you have been talking about is afforestation or reforestation, and clearly the circumstance which Senator Joyce has outlined would not qualify as reforestation under the rules. But the question I asked this morning on avoided deforestation was precisely this question that Senator Joyce has just asked, and I was asking it in terms of the baseline. You would have to assume that, if a farmer did as Senator Joyce was just saying and made a decision this year not to go and reclear land—or to take the stock off or whatever—in order that it re-grow, you would have to know that in making that decision you would qualify for avoided deforestation, because five or 10 years down the track you will have your forest growing there and you would want the credits for that. Otherwise you would keep on clearing it, grazing it or doing what you were doing to it.

So that is why I asked the question about baselines and avoided deforestation. This is a critical issue for people to know about, because it is going to influence their land use decisions from here on in. That is why I would like to know whether the scenario that Senator Joyce has just outlined would qualify for avoided deforestation. I am going to come back to the accounting in a minute, but I just wanted to follow up, because that is precisely what Senator Joyce is asking. I just wanted to follow it up in the context of avoided deforestation.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.09 pm)—Senator Joyce, I do not know if I can assist you any further. I have indicated to you what the legislation says. It also refers to regulations. Other than that, you are really asking me to tell you what a court would say ‘direct, human induced methods’ means. The legislation says:

Under the regulations, the stand is taken to have been established by means of direct, human-induced methods …

Second, in relation to Senator Milne’s question, we traversed that in detail this morning. I explained to the senator that the offset integrity committee would be charged with the methodologies for the offsets, including avoided deforestation. Those methodologies would be established in accordance with the act, if passed, and the proposed act does refer to additionality at 259K(2)(c), which I referred the senator to this morning. I again read it:

… the project would not have been proposed or carried out in the absence of the issue of free Australian emissions units in accordance with the domestic offsets program …

I am not sure that I can add anything to that, Senator Milne. What you are asking me to do is to second-guess how the committee, if this legislation were passed, would approach its job in determining what methodology should apply to give effect to that statutory commitment.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.10 pm)—It seems that on this issue both Senator Milne and I are unable to be answered. We prefer not to wait. The whole idea of waiting for a court interpretation shows the litigious nature of what can happen if things are not clearly spelt out. The farmers listening to this do not want to have, if this goes through, to wander off to court to get their credits. What they want to do is to know that the process that they believe that they are following to get a credit is applicable. They do not want to then find that their land is all revegetated and they cannot touch it—they cannot take it back to
grazing land—yet they cannot get the credits for what is there. That leaves them in a real quandary. Obviously, therefore, the safest way for farmers to go about it—seeing that, as you state, the interpretation would be that of the courts—is to not let it revegetate.

Senator Wong—Mr Temporary Chairman, I rise on a point of order. The senator is not accurately reflecting what I said to the chamber. If he would like me to explain it again so that he understands it, I will do so.

The TEMPORARY CHAIRMAN (Senator Bernardi)—Minister, there is no point of order. Resume your seat.

Senator Joyce—I would like the minister to explain it so that anybody can understand it, not just me.

Senator Wong (South Australia—Minister for Climate Change and Water) (3.12 pm)—I again say that you can only opt in if you establish the forest by direct human induced methods. In order to ensure that people understand it, Senator, we propose to establish regulations. That is referred to in the legislation as well. My reference to a court was not because I want people to go to court; I was making the point that you are asking me to provide an interpretation now. We want to be absolutely clear with landholders about what their rights and obligations would be if they chose. And I again say that people only do this if they wish to—you might roll your eyes, Senator, but that is true; they do not have to do this. The regulations will be consistent with what I have read out from the legislation.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (3.13 pm)—We have some confusion here. You do not have to state the point that it is opt in; we understand that. We have that part well and truly booked out. What we are querying here is the issues for the people who do opt in. We want to know what human induced means are. The only answer that I have gotten so far that seems to go towards the issue is that you have got regulations to come that we at this point in time have not seen.

I have got country. To be honest, it is far cheaper for me to leave the land alone, and it has been cleared for years, it will revegetate. The answer that I want to know is: is that a human induced means of revegetation or is that natural? If it is natural then I will not do it. If you are saying that the regulations are yet to come then the whole point of this legislation becomes opaque and implausible, because we do not know what we are talking about. We will have to send it to a committee—especially when the regulations turn up. If the regulations are not right, we will have to disallow the regulations and, if we disallow the regulations, the whole legislation falls over. So it is really important for you, the minister, to be able to clarify this at this point in time. If you are going to answer the question, give me a nod and I will sit down. If you are not going to answer it, I will go to the next question.

Senator Wong (South Australia—Minister for Climate Change and Water) (3.14 pm)—I again say ‘direct human induced methods’. I have to say I would find it hard to see how doing nothing would be a direct human induced method.

Senator Nash interjecting—

Senator Wong—that would be difficult to see, I would have thought. In terms of the quip about regulations, it is quite normal practice—and the senator knows this—for delegated or subordinate legislation to come after the primary legislation. That is not an unusual situation. In terms of the senator saying to me, ‘Well, we had better tell him now; otherwise, when the regs come along, the whole scheme will follow.’ But the senator has made it clear that he is going to vote for this no matter what. So, I appreciate his
concern, but he has already decided that, no matter what I say in this chamber, he is not going to vote for it, because he does not believe that Australia should take action on climate change. He can come in and ask questions all he likes and I will continue to answer them as best I can, but everybody knows he is not going to support it.

We have been some 20 hours in committee and have progressed, I think, eight sets of amendments. Has the committee got any time frame in mind for bringing the discussion of this set of amendments, which has occupied much time, to a conclusion, or is it proposed that this simply go on ad infinitum—that is, forever?

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.16 pm)—To correct you, Minister, if you looked back in Hansard, you said in one sentence that I was going to vote for it and at the end you said I was not going to vote for it. So you seem to have been on both sides of the debate in one phrase.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.16 pm)—If I could clarify, I have always understood that you, Senator, will never vote for this, because that is what you have said to us.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.16 pm)—That does not preclude me from asking questions. I have every intention in the world to vote for amendments, and have done so already. If you think that you can somehow emasculate my capacity to ask questions on behalf of other people in this chamber, sorry, but that is not how it works at all.

You have said that human induced methods would not pertain to leaving country alone for it to naturally revegetate. I will draw a simile there. That is like saying that you are not starving a child if you choose not to feed it, but quite obviously you are. You are making a conscious decision that brings about an outcome. If a farmer makes a conscious decision not to maintain their vegetation management program there is then human induced reasoning behind its revegetation. What you are saying is that that is not the case. That means that, obviously, the only way to get a credit is for farmers not to let nature do it by itself. They have to actually go out and plant exactly the same trees that would grow there naturally in any case and incur the cost. For the life of me that is nonsensical; it is illogical.

You have your advisers there so do you have before you calibrations for which trees have the most effective tonne of carbon to tonne of timber? For instance, does English oak, Quercus robur, have a greater capacity for storage of carbon than brigalow, Acacia harpophylla? Do you have the tables before you so that we can see which tree is the most effective to plant? Since we cannot let nature do its job and we have to plant it, we had better have calibrations on which is the most effective tree. Also, if it is going to be scientifically relevant I suppose we had better start planting imported trees, and if we do that let’s not worry about the biological nexus between native animals and the environment—we will just plant the most carbon effective tree. It might be the sequoia—the California redwood. Do we have a range of these? Are there certain types of trees we can plant? Are they all the same? Is there a differentiation between trees? Do we have that scientific evidence before us?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.19 pm)—I was going to assist you and give you a definition of ‘emasculate’ but I am not sure I can do that and actually comply with the standing orders. In relation to the assessment of sequestration, I am advised that the landholders who are interested in
opting into this process will be able to estimate, through utilising the National Carbon Accounting Toolbox, the likely sequestration opportunities on their land for different species and for the type of land.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.20 pm)—I can give you a definition of ‘emasculate’. It is to restrict the operation of the testes so as to neuter the animal. We do it a bit on the land; in fact, we knock the nuts out of heaps of things.

Senator Wong—I think you were accusing me of doing that.

Senator JOYCE—I just wanted it on the record that you did not think I was ignorant of what ‘emasculate’ means. It is also a metaphor that is used all the time in literary concepts to show that you are precluding the propensity of a subject arising, and that subject arising also has all sorts of forms of metaphor incurred.

With your assessment of all these 1989, 1990 and 2008 forests, how is that going to be done? I imagine that is going to be done by satellite mapping. Is that correct?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.22 pm)—On the aside that you referred to, I just wanted to make the point that you were accusing me of doing that to you. People might think lots of things about me, but I am a long way from you and physical violence is not my preferred option.

Senator Back—We rest easy.

Senator Ian Macdonald—But it is an option, you mean; just not your preferred one.

Senator WONG—Generally not! The answer is that in relation to the Kyoto forests—which is the pre-1990 forests—and the regrowth on deforested land where there is a requirement for legal clearing between 1990 and December 2008, I am advised that it is by satellite data.

Senator MILNE (Tasmania) (3.21 pm)—I want to follow up on the particular model for measurement. Senator Joyce just raised the national carbon accounting system. I presume that you are proposing to use NCAS as the tool and, if so, how are you going to deal with the situation where the model is clearly flawed, as it is with old-growth forests? Also, how are you going to deal with future improvements in the modelling? Does everyone get the benefit—or ‘disbenefit’—of model upgrades, or is the government going to take all the residual risk?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.22 pm)—I am not sure it is necessarily helpful to get distracted into a discussion about NCAS. You said this is the national carbon accounting system but you made reference to old-growth forests. Obviously for this discussion—that is, land legally cleared previously—old-growth forests were not relevant. So I am not sure what your point is on that.

Senator MILNE (Tasmania) (3.23 pm)—I am using the example of why the model is currently flawed and the Kyoto accounting system is currently flawed. As everybody would be aware, under the current accounting you do not have to account for the emissions from logging the forests and that is the problem we have had all along: you can get the benefit of afforestation but you do not pay the penalty for logging a forest if there is no change of land use. That has been our big issue and that is something we have argued for years and years. I understood from our discussion the other night that the government intends to argue for full carbon accounting. Can the minister clarify whether or not the government is going to start asking, campaigning or negotiating for full carbon accounting?
accounting in the international negotiations? How is that going to change the methodology as it pertains to this CPRS permit system that is currently being talked about? Who will pick up the ‘disbenefit’ if all this is included in the future under a full carbon accounting regime?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.24 pm)—I will take advice on that issue because I thought we actually traversed this on Thursday morning. The issue that gave rise to the discussion about NCAS was for the purposes of determining what was on land that was previously cleared. That was the context of the discussion. For that purpose, some of the issues Senator Milne raises are not relevant to the proposition before the chamber. We do not accept Senator Milne’s suggestion that the model is flawed and I do not want people to believe that my silence on that is acquiescence.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.25 pm)—I think we would find that emasculation would be a breach of standing order 203(b). Not only would emasculation be a breach of standing order 203(b); it might even bring a cessation of standing orders.

Senator IAN MACDONALD (Queensland) (3.25 pm)—I want to answer the minister’s question from a while ago about whether we intend to vote on these amendments. Yes, we certainly do intend to vote on them. They are very important amendments which will substantially improve the scheme that the minister originally brought forward to this chamber. If these amendments are not passed today, is the minister suggesting that the government would vote against them if they were brought up at a later time? I find it a strange proposition that, if the scheme came back, the government would vote against them. We certainly do want to vote on these very important amendments. When are we going to do that? When senators have had their questions answered and are confident that the amendments are appropriate and in accord with what their constituents are seeking.

I do not want to take the Senate away from its particular focus at the moment, but I refer the minister to the domestic offsets program. Could the minister elaborate on what she called ‘windfall gains’ under the domestic offsets program?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.27 pm)—Those were not my words; those were Senator Brown’s words.

Senator MILNE (Tasmania) (3.27 pm)—First of all, the minister asked about a timeframe. When I started talking about these amendments on land use and land use change, I made the point that I thought the whole thing should be outside the CPRS and that it is a hugely complex area. The government, with the coalition, chose to bring it all in at the last minute. This whole area of offsets was not in there before. The only thing that was in there before was reforestation and afforestation. Now the whole she-bang is in there. Because it is so hugely complex, it requires a lot more discussion and none of it is settled because it is all part of the international negotiations anyway in terms of what is going to happen with REDD into the future.

I ask about these particular permits that the minister is talking about in the abatement. In the case of avoided deforestation and also in the case of the national carbon offset standards, I want to know whether the calculations are going to be based on a model. If so, will it be the National Carbon Accounting System or will it be based on a measurement? I would like an answer to that. If it is based on the model, how are you go-
ing to calculate the disbenefits over time as the model is recalculated or reframed? The minister would be well aware that for the last several months I have been trying to get the maps which demonstrate the Kyoto forests. The government have indicated time and time again that they will provide those maps but that they just need more time and so on. We still do not have them. These are the maps which are supposed to be the basis that enables your calculations of what was standing in 1990, what the progress has been, where forests have been lost et cetera. We still do not have them. Mr Temporary Chairman Bernardi, I know you will be shocked to learn that that is the case.

How can you have confidence in what the government says is going to be achieved in measuring carbon in situ if you cannot have confidence that the methodology is accurate in the first place? Since Australia has made so much globally of meeting its Kyoto target because of avoided land clearance, there should be the maps and a proper accounting system to demonstrate the claims that Australia is making. I want to know whether we are going to go with a model or a measurement. I would like to know when we can expect to get the maps that we are continually promised and have not got. It will be critical for anyone who imagines they are going to get permits under this system that there be proper, verified carbon on the ground and that there be a calculation over time.

The other specific question that I have is about interannual variation in sequestration or in emissions caused by factors such as weather, fire, insect attack and so on. If somebody gets a CPRS permit or a national carbon offset under the scheme that is proposed and there are emissions as opposed to sequestration, is the landowner going to pay for those emissions or is the government going to absorb that? How is that going to work? As we all know, that variation from year to year will be huge. Will people be issued with credits one year and have to pay a liability the next? Will it be averaged over five years? Who will pay the liability if you have a credit for establishing something and then it disappears?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.31 pm)—I will ask the advisers to provide me some advice to give to the chamber on the last five or six questions. In relation to your first point about needing a lot of time on this, I accept that. I was just asking if it was envisaged we would get to any resolution after some 20 hours of debate—whether we would actually be able to vote on it. In relation to the National Carbon Accounting System, I reject one implication, which is that the National Carbon Accounting System does not include measurement. My advice is that it does. It is also a model. We think it is a very sound accounting system, particularly given the size of this country. If we want to properly measure these things, we need to have methods which enable us to look at the broad scale of the Australian landscape. In relation to the maps, I understand we have tabled an answer on that and given you an indication as to our view about that. Finally, again, your question really goes to the methodology for whether it is avoided deforestation. That goes back to the need to develop a test for the methodology around additionality, and that would be a matter for the committee.

Senator MILNE (Tasmania) (3.33 pm)—The minister keeps tabling answers, but we still do not have the high-resolution maps that state governments are using, supposedly, to substantiate what is being said. To date, I do not think there is anywhere anyone can go. There are so many people who have been asking to see this information, this data, and it is simply not there. No state government,
landholder or parliamentarian can actually interrogate this information that the government claims is there in relation to the maps and where the carbon is on the ground, where the Kyoto forests are and where the deforestation is.

I think it is about time that we had some verification and got hold of some information that makes sense and that we know is true. If we are going to a scheme that expands what we already have—that starts to give credits for avoided deforestation and establishes a national carbon offset standard for enhanced forest management and credits for regrowth forest on deforested land—we want to be able to see the maps of the deforested land right now so we know what we are dealing with. At the moment we cannot get the high-resolution maps to look at it. We keep getting told one thing or another, but I think it is only a matter of time before the international community say to Australia: ‘Let us look at the maps. Let’s actually have a look and see where these Kyoto forests are and where your avoided deforestation claims are going to come from.’ There is a long way to go before we get the ‘robust methodologies’ that the minister is talking about.

We have been told about national carbon offset standards. Presumably, if we are going to provide credits for regrowth forests on deforested land as of 31 December 2008 we have to have maps across Australia for what was forested or not forested at the end of December last year, and in a resolution sufficiently high for people to be able to look at them and say, ‘Yes, that’s right,’ or ‘No, that’s not right.’ Minister, when are we going to get the maps, even for 31 December last year as the baseline, that you were telling Senator Brown and the whole country about in terms of being able to sit down and say, ‘That’s where the forests are now’?

**Senator WONG** (South Australia—Minister for Climate Change and Water) (3.36 pm)—I have already tabled an answer in relation to that issue. In relation to the natural disturbance issue, I am advised as follows: permits are issued for net sequestration. Permits are issued up to a limit that takes account of the risk of reversal as a result of natural disturbances such as pests and fires. The regime contemplates a buffer essentially being withheld by government, which essentially can be best understood as an insurance against the sorts of scenarios that you have outlined.

**Senator MILNE** (Tasmania) (3.37 pm)—Thank you. Now we are getting somewhere on that. It says that if a landholder applies for CPRS permits for an area of regrowth forest, or whatever, that was on deforested land, the permits will only be issued after the abatement is demonstrated. How many years after you plant is abatement to be demonstrated?

**Senator WONG** (South Australia—Minister for Climate Change and Water) (3.38 pm)—This actually has been the government’s position on the public record since December 2008. I refer you to chapter 6, page 56, of the white paper where, at item 6.10, we talk about a ‘risk of reversal buffer’. It says:

The risk of reversal buffer would create a reserve to help protect forest entities against the exposure posed by emissions from natural events such as fire, insect attack, storm or severe drought. The risk of reversal buffer would be in
the form of a small deduction each time permits are issued.
We have not yet determined what that proportion will be.

A delay in applying the risk of reversal buffer would mean that the forest entity would receive the full allocation of permits—

I am sorry; I just want to check something. I am advised that there is a five-year delay from forest establishment for the application of that buffer.

A delay in applying the risk of reversal buffer would mean that the forest entity would receive the full allocation of permits during forest establishment when costs are greatest. In addition, during the early years of forest growth the amount of total carbon storage and therefore potential carbon that could be lost due to natural disturbance is relatively low.

In determining each entity’s risk of reversal buffer, the Scheme regulator would seek to take account of project-level risk factors, such as the number of permits issued, the location of the forest and the entity’s management record. Buffers could be amended over time to reflect changed circumstances.

Senator MILNE (Tasmania) (3.40 pm)—Thank you. Does the same apply for avoided deforestation? Is the same insurance buffer there?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.40 pm)—Senator, that is the same set of questions as previously asked. The methodology around avoided deforestation will be a matter for the committee, in accordance with the answers I gave earlier.

Senator NASH (New South Wales) (3.40 pm)—Minister, in the explanatory memorandum under ‘Domestic offsets project methodology determinations’, 4.71 lists the emissions sources that are currently counted and for which permits will be provided—obviously subject to the development of the robust methodologies. I would like in particular to go to ‘manure management’—a phrase I am finding rather ironic at this point. Minister, could you inform the Senate—and I have tried to find some more detail and I do apologise if it is somewhere and I have not found it yet—of what the exact process will be for manure management? All of these areas are quite a concern to farmers with respect to how they are actually going to access the assistance through these offsets. What are the processes? How will it actually work? If a farmer comes to me and says, ‘Senator Nash, what do I have to do as a farmer to get the permit for that manure management area?’ How will the process actually work?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.41 pm)—Again, these are methods which would require the methodology to be determined by the committee. They have been included by virtue of the fact that they can count towards Australia’s international targets. However, whether it is this, fertiliser use, savanna burning, rice cultivation and so forth, we are establishing under this legislation a framework that sets out clear statutory requirements and a statutory committee which would then work with stakeholders—such as some of the ones I read out who are currently working with government on these and associated issues—in order to determine the methodology for what would be required to qualify as a credit.

Senator NASH (New South Wales) (3.42 pm)—Thanks, Minister. I do appreciate that. I do understand that the methodology process has not been got to yet, but I am simply trying to understand what has to be done with the manure to qualify. There must, obviously, have been some consideration by the government up to this point to even be including manure management in there. I understand the methodology has not been determined as yet, but I guess I am after a defi-
nition of what ‘manure management’ actually is.

Senator Wong (South Australia—Minister for Climate Change and Water) (3.43 pm)—Senator, as much as I am sure you would like me to talk about manure—

Senator Nash—It’s a genuine question, Minister.

Senator Wong—Senator, we know that you are not going to vote for this scheme no matter what answer I give. I am observing the appropriateness of responding to your question but—

Senator Ian Macdonald—Some might argue that that is what is happening.

Senator Wong—That is a little bit of schoolyard humour from you, Senator Macdonald.

The Temporary Chairman (Senator Bernardi)—Ignore the interjections, Minister.

Senator Wong—Perhaps you could ask them not to interject, Chair, in the interests of being fair. Senator Nash, I am not sure I can assist you. Those methodologies would be determined by the committee. I will endeavour to find out if there are currently existing international methodologies for that and I will provide the information to you.

Senator Nash (New South Wales) (3.44 pm)—I thank the minister for her answer. I am sure farmers would be interested to know whether after a rainy day they are supposed to get out a harrow and run around the paddock and harrow in all the manure or whether they are supposed to rake it up somewhere and burn it or maybe put it in a big pile somewhere and do something else with it. It is a very genuine question because the minister obviously is not able to manage that. I appreciate that it is very complex legislation, but it is on the list. As a Nationals senator—even though, as the minister says, I have indicated very strongly my view that this tax should not go forward—it is entirely appropriate that I ask these questions on behalf of farmers. I think that they will be extremely disappointed, to say the least, that the minister is not able to give any clear indication of what that manure management is going to be.

If I could just return to 259C(4), which is about the domestic offsets program reporting and that there be a prescribed audit report prepared by an auditor. I think you referred to them before as ‘gibos’; I was not quite sure. I do apologise if you mentioned a number, but you indicated to the chamber that it had not yet been determined how many of those reporters would be in place. Just in terms of agriculture, could the minister perhaps indicate to the chamber very roughly how many of those persons would be in place to provide that reporting mechanism for the farmers?

Senator Wong (South Australia—Minister for Climate Change and Water) (3.45 pm)—I have already placed on Hansard my answer to that question.

Senator Nash (New South Wales) (3.46 pm)—I may not have been in the chamber. This does lead to my next question. If there was a particular figure that the minister put forward, would she mind just repeating it now for the chamber.

Senator Wong (South Australia—Minister for Climate Change and Water) (3.46 pm)—The registration will occur in 2010. I indicated that previously. There is no current figure because the registration has not occurred.

Senator Nash (New South Wales) (3.46 pm)—Wouldn’t it have been perhaps wise to at least base it on some sort of figure or some sort of requirement at this point in time given that there are 137,969 farms that are solely dedicated to agricultural production? On
each of those farms, under their farming practices, they may be able to identify an offset that they might have that they might want to claim. They would then have to go through the entire process that we have been discussing all morning. Given hypothetically we could have the situation where nearly 140,000 farms would be putting forward their claim for offset at the same time, it seems a little bit odd that the government has no idea at this stage how many of those audit reporters are going to be needed. One would imagine, having that quantum of farming practices in mind, there would be at least some indication from government that they have done some work in determining how many of those reporters would be needed.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.47 pm)—The 140,000 farms will not have the opportunity if you vote against the legislation, which is what you are indicating you are going to do. But I did not say we had no idea; I said those registrations had not yet occurred.

Senator MILNE (Tasmania) (3.47 pm)—I just want to come back to the National Carbon Accounting System and the maps. The minister said she had tabled an answer to my question about the maps, and the answer is always: ‘Give us more time. We need more time to produce these maps.’ Yet in the global negotiations on the reduced emissions from deforestation and degradation Australia is arguing strongly for NCAS. The government are spruiking NCAS all the time. Yet there are a lot of people in Australia who have real doubts about the accuracy of the National Carbon Accounting System. For example, the Queensland government says its maps show a larger level of deforestation than is reflected in the NCAS figures et cetera. I would like to know why we cannot have the maps before Copenhagen so that people in Australia who are very familiar with what is happening on the ground—state governments especially—can actually look at their maps and figures compared with the national map and figures and get some understanding of why there is a discrepancy between what state governments believe to be the case and what is reflected by the National Carbon Accounting System. That is why we want the high-resolution maps as soon as possible.

The TEMPORARY CHAIRMAN (Senator Bernardi)—Are you asking a new question, Senator Milne?

Senator MILNE—No. I am asking for the maps. If it is good enough to go to Copenhagen and tell the rest of the world they should have confidence in the National Carbon Accounting System, the very least that should happen is that the maps be on the table here in Australia. I do not think it is satisfactory for the minister not to produce the maps.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.50 pm)—I have answered the question. The senator has asked it five or six times; that is fair enough. I have given the answer and I have also tabled an answer.

Senator XENOPHON (South Australia) (3.50 pm)—I have a question on a different topic but in relation to the same amendment. I do not know how long ago the minister asked what we were planning to do with this particular amendment. I have a series of questions to ask and if my colleagues have asked their questions I am keen to have a vote on it; otherwise this is a bit like The Neverending Story. I did indicate that I have got an amendment in relation to the issue of landfill waste gas capture, but in order to help facilitate this part of the committee stage I have provided to the minister’s office a series of questions to try to facilitate the answers to this.
I note in the briefing notes to the agreement of 24 November that has been tabled by the minister that the government is intending to introduce amendments to provide for sectors not covered by the CPRS to access offsets such as legacy waste. I have looked at the amendments before us and cannot find these changes. Maybe I have missed the obvious, Minister, and I will stand corrected on that. But I note that page 8 of the agreement of 24 November, under a box entitled ‘Implementation’, refers to other environmental enhancements to be included via amendments in 2010. Can the minister confirm that, in relation to legacy waste, that will be the subject of other amendments or is it covered under the amendments before us?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.51 pm)—I was at a different place and then you asked the question about 2010. I will just get some advice; please wait a moment. Now I understand the confusion. That and other environmental enhancements to be included via amendments in 2010 relate to the water entitlement planning approval and other issues referenced in the paragraph above. Subsection (3) of the amendments before the chamber deals with landfill facilities. Is that the provision you were having trouble finding? It is at page 10. I just had trouble finding it too, but we have now found it.

Senator XENOPHON (South Australia) (3.53 pm)—I thank the minister; I am glad I was not the only one having trouble finding it. Further to that, what research or modelling has been done on the efficiency of abatement of landfill waste capture in comparison to the efficacy of other abatement measures included in the package? Is that a relevant policy consideration in the context of these amendments?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.54 pm)—I now realise what you are reading from, Senator Xenophon, so this hopefully will go more smoothly. I go back to the first question. Clause 259K(3) provides for landfill emissions to be eligible for offsets. The references to clauses 20(6) and 20(8) of the bill are references to emissions from closed landfill facilities and legacy waste. In relation to your next question, we have not conducted modelling on that specific issue. The point of the CPRS is to enable the market to determine cost-effective abatement. Shall I keep going, Senator?

Senator XENOPHON (South Australia) (3.54 pm)—It might be good if I put those questions on notice. I facilitated providing copies of an outline of the questions I wanted to ask to try and speed up this part of the committee stage.

Senator Wong interjecting—

Senator XENOPHON—I am trying to be helpful, Minister. Isn’t the problem with what has just been said that the structure of the CPRS will determine the market, in a sense? The rules that are put in place will drive certain investments and certain forms of abatement. I am not suggesting there is a distortion here, but it could be distorted by virtue of the structure that has been put in place.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.55 pm)—One of the reasons we have sought to bring forward a scheme that has as broad a coverage as is practicable is to deal with that issue. It is the case that we are setting up a new market scheme which will enable Australia to reduce its contribution to climate change for the first time. It is the case that, if you have a much narrower scheme, you do have the issue you have just raised. We have therefore sought to bring
forward a scheme that has as broad a coverage as is practicable.

Senator XENOPHON (South Australia) (3.56 pm)—Further to that, will the minister concede, though, that the various free permits that are given and the various packages of assistance do make a difference to how the scheme will operate? Landfill gas may be impacted on by virtue of other decisions made. I will not pursue this any further, but I just wanted to get some elaboration from the minister on that.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.57 pm)—Senator, if you are covered under the CPRS, you face the carbon price. There is some transitional assistance, some of it very important for particular industries. That is one set of policy issues. Due to a range of policy issues, legacy waste was excluded and that is why we have brought it into an offset regime.

Senator XENOPHON (South Australia) (3.57 pm)—Further to that, I think the minister knows that I made a representation to her office about having been contacted by representatives of the legacy waste gas industry. They have expressed concern that one of the stated conditions of accessing these offsets will be additionality and they are concerned that early movers, who have invested in power generation and abatement infrastructure under existing abatement schemes, are unlikely to meet the additionality requirements imposed under the rules. Does the minister concede that those early adopters could be prejudiced because they will not be able to deal with the whole issue of additionality? It has been put to me by one particular legacy waste gas industry member that they will be looking at shutting down existing plants because those plants do not comply with the additionality requirement—because the plant has already been set up. Is this an unintended consequence, or a perverse outcome, of what is being proposed on offsets?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.58 pm)—I think your question relates to the transition from the Greenhouse Gas Abatement Scheme?

Senator Xenophon interjecting—

Senator WONG—Yes. We have provided some $130 million towards the transition from the New South Wales Greenhouse Gas Reduction Scheme, or GGAS, to the CPRS. Of that, $50 million is intended to be allocated to landfill gas generators and some other types of generators to provide assistance in respect of lost revenue under the scheme and a further $80 million is to be made available to holders of unused certificates created under GGAS. That is one set of assistance for the transition.

I would also make the point that landfill gas generators have market opportunities under the renewable energy target, because such generators are eligible to create Renewable Energy Certificates. As you would know, Senator, the renewable energy target has been expanded to provide further encouragement to the renewable energy industry, including for landfill gas generation. There are a range of companies in this space who will be able to benefit from increased demand for Renewable Energy Certificates over time.

Senator XENOPHON (South Australia) (3.59 pm)—I thank the minister for her answer. The advice I have had from one landfill gas operator is that there will be a number of projects that will not be built under these rules compared to the existing rules or the rules that have existed with GGAS. LMS has told me that projects that will not be built include those in Cessnock, Wyong, Maitland, Albury, Smithfield, Dublin, McLaren Vale, Townsville and Geelong, and that that is be-
cause of the way that the rules or the accounting takes place. So that is the concern. So my question is: does the minister consider that any site that has existing power generation or gas extraction infrastructure would not be considered additional under international rules? In other words, will infrastructure not be eligible unless it has been installed specifically in order to create offsets under this new scheme?

Senator WONG (South Australia—Minister for Climate Change and Water) (4.01 pm)—I am advised that the fact that a project already exists and was subsidised by GGAS does not of itself prevent that project from meeting an additionality requirement when the GGAS subsidy is removed. However, that project would need to demonstrate that additionality to the committee—that is, the offsets integrity committee.

Senator XENOPHON (South Australia) (4.01 pm)—I thank the minister for her answer. But is that not the problem, in the sense that they were early adopters? If they cannot demonstrate additionality, notwithstanding that they are taking greenhouse gases out of the atmosphere, by virtue of the additionality requirement they would have to either, in some cases, shut down or not be built because of the way that the accounting rules work with respect to offsets.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.02 pm)—I am not sure what more I can add. I might ask my officials to provide me with an answer shortly. But again I say that the fact that a project already exists, of itself, does not mean that it cannot meet the additionality test. But it would need to meet the additionality test, and the public policy reason for that is clear: there is no point in giving people an incentive through an offset regime if they would have done it anyway. I am not talking about this particular company; I am talking about it as a general proposition. I will find out if I can provide any further detail.

Senator XENOPHON (South Australia) (4.02 pm)—I have a couple more questions in relation to that. Does that mean that existing landfill waste gas projects may have difficulty in selling permits in Australia? It has been put to me by those in the industry that, should they relocate offshore, they could definitely sell permits back to Australia, so that could lead to an outcome where there is a greater incentive for these plants to be set up in Malaysia, for instance, rather than here in Australia. Is that a potential consequence of the way that this amendment is structured in terms of a policy outcome?

Senator WONG (South Australia—Minister for Climate Change and Water) (4.03 pm)—I am not sure if we are at cross-purposes, Senator Xenophon. I think you are asking for a credit for early action. What we are saying is that, in relation to this issue, some of that is recognised by the transitional arrangements from GGAS to the CPRS, which I have outlined. I have also said to you that the fact that a project is already in existence and was subsidised under the GGAS does not of itself prevent that project from meeting an additionality requirement. But it would need to meet that additionality requirement. Again I say that that makes public policy sense; there is no point in providing a financial incentive for action that would have occurred anyway. It is a factual decision, based on what the Domestic Offsets Integrity Committee outlines, as to whether or not something would have occurred anyway.

Senator XENOPHON (South Australia) (4.04 pm)—I am not sure we are entirely at cross-purposes. The minister makes the point that additionality is required under this scheme even though it is for existing projects—I have not misunderstood that. The
point that has been put to me by the industry is that if they cannot comply with additionality then it would be easier for them to go offshore and sell their permits back to Australia. That is what has been put to me in unequivocal terms—it would be easier for them to close down—or not build new plants here—and go overseas to do the same thing there and get credit for it that way.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.05 pm)—The advice I have been given is that if a particular company closes down because they did not have the permit stream then that would be evidence that could be utilised for the purposes of proving additionality.

Senator XENOPHON (South Australia) (4.06 pm)—Can the minister elaborate on that? The nub of LMS and others’ argument is that with NGAS and GGAS ending with a CPRS start—and there is transitional assistance, I acknowledge that—they will lose that GGAS and NGAS income stream. This would undermine the viability of existing projects and would put at risk the power supply, in part, to a number of regional towns. The communities that have been put to me by LMS involve their sites in Ipswich, Redland shire, Tweed shire, Lake Macquarie, Newcastle, Darwin, Perth, Launceston, Bendigo, Ballarat and Shepparton. Obviously two of those are in capital cities, but it would put various communities at risk with the power that has been produced. I am happy to have further discussions with the minister and her office on this. I just want to put those concerns on record.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.07 pm)—I thank Senator Xenophon for that. I do not want to make, by fiat, a decision in this chamber about what a company would or would not be entitled to. If the argument about additionality is that you would not have done this if you did not get the offsets, then I would have thought that was prima facie evidence that it would be an argument for additionality. You do not want people to gain this, Senator, and I am sure you would not be supportive of that. Leaving aside the factual scenario, because I do not know all the detail in relation to that particular company, in relation to an offset, if the argument is that this project would not be carried out in the absence of the issue of free units in accordance with this program then surely, if they are genuinely, credibly and demonstrably in a situation where that project would not be carried out in the absence of the units, then that would assist in meeting the additionality test.

Senator XENOPHON (South Australia) (4.08 pm)—I might take that up with the minister’s officials in the next day or so. It has been a bugbear for me and my office and I appreciate the minister’s answers. Her office has been quite helpful but I would be grateful if the minister could indicate that that would be satisfactory. Is it the case that there are a number of national waste landfill initiatives and complementary measures being considered by the Department of the Environment, Water, Heritage and the Arts and various state authorities that propose all landfills have mandatory gas extraction systems installed and/or that best practice standards include the mandatory installation of gas collection and combustion infrastructure? If that is the case, will these initiatives preclude any landfill site in Australia that does install gas collection infrastructure from being considered in terms of additionality?

Senator WONG (South Australia—Minister for Climate Change and Water) (4.09 pm)—Senator Xenophon is asking about the National Waste Policy. I am advised it would be premature to conclude that all major landfill sites would be excluded
from offsets. We envisage the issue of addi-
tionality would be investigated by the com-
mitee on a case-by-case basis consistent with
the tests I have outlined. I am also ad-
vised that the National Waste Policy adopted
by the EPHC, the Environment Protection
and Heritage Council, states that the Aus-
tralian government in collaboration with state
and territory governments will develop a
strategy for measures to address emissions
from disposal of waste in landfills and other
waste activities, and these support the opera-
tion of a future CPRS. I am advised that en-
vironment ministers have not yet determined
the detail of these measures and that these
details are in part dependent on the final de-
sign of the CPRS.

Senator IAN MACDONALD (Queens-
land) (4.10 pm)—Can the minister provide
a couple of examples of projects that may or
may not be eligible for the domestic offsets
program so I can understand it better?

Senator WONG (South Australia—
Minister for Climate Change and Water)
(4.11 pm)—The types of things are set out
on pages 17 and 18 of the offer document
which has been tabled.

Senator IAN MACDONALD (Queens-
land) (4.11 pm)—Are there any current or
potential projects overseas? What is the in-
ternationality of these projects?

Senator WONG (South Australia—
Minister for Climate Change and Water)
(4.11 pm)—As I previously indicated, the
internationality is in relation to those sources
which count towards Australia’s international
commitments.

Senator IAN MACDONALD (Queens-
land) (4.12 pm)—Meaning what interna-
tional commitments?

Senator XENOPHON (South Australia)
(4.12 pm)—I wish to place some questions
on notice so we do not hold this up any fur-
ther. I am not trying to exasperate the Minis-
ter for Climate Change and Water. The Wen-
tworth Group wrote to me last month in rela-
tion to a paper ‘Optimising Terrestrial Car-
bon in the Australian Landscape’, which
makes reference to, firstly, designing a car-
bon pollution reduction scheme that captures
the full potential of terrestrial carbon in
vegetation soils, providing land managers
across Australia with the opportunity to op-
timise their contribution to the climate
change situation; and, secondly, regulating
the terrestrial carbon market so that multiple
economic and environmental benefits can be
realised whilst avoiding unintended conse-
quences of freshwater resource biodiversity
on agricultural land. It also makes reference
to a climate change adaptation fund and in-
ternational efforts to restore terrestrial car-on. Perhaps, in the context of these amend-
ments, the minister can respond on notice to
the extent to which the Wentworth Group’s
concerns would be covered in these amend-
ments. I do not want to take it any further
than that at this stage.

Senator IAN MACDONALD (Queens-
land) (4.13 pm)—I ask the minister again to
refer me to the page in the document where I
can find details of these policies. Is it page
7? I cannot see it there.

Senator WONG—Yes.

Senator IAN MACDONALD— I thank
the minister for her cooperation. Could the
minister indicate just how comprehensive
that list on page 7 is? Are they representative
or are they just a handful of the projects that
might be eligible?

Senator WONG (South Australia—
Minister for Climate Change and Water)
(4.15 pm)—Those are sources which are
counted towards Australia’s international
commitments. The voluntary sources are
listed at the bottom of the page plus the re-
growth forests issue.

Question agreed to.
Senator MILNE (Tasmania) (4.15 pm)—by leave—I move Green amendments (5), (9), (17), (18), (21), (22), (26), (27), (31), (32), (57) and (61) on sheet 5786.

(5) Clause 4, page 5 (line 2), omit “or for a fixed charge”.

(9) Clause 13, page 33 (line 15), omit “free”, substitute “auctioned”.

(17) Clause 82, page 128 (line 9), omit “or for a fixed charge”.

(18) Clause 82, page 128 (line 13), omit “free”, substitute “auctioned”.

(21) Clause 88, page 131 (lines 13 and 14), omit paragraph (b).

(22) Clause 88, page 131 (lines 15 and 16), omit paragraph (c).

(26) Clause 90, page 135 (lines 29 to 32), omit paragraph (1)(b), substitute:

(b) the unit is to be issued as the result of an auction.

(27) Clause 93, page 137 (line 1), omit “free”, substitute “auctioned”.

(31) Clause 101, page 141 (line 20), omit “free”, substitute “certain”.

(32) Clause 101, page 141 (line 23) to page 142 (line 3), omit paragraph (1)(a), substitute:

(a) a person has been issued with:

(i) an auctioned Australian emissions unit in accordance with the emissions-intensive trade-exposed assistance program; or

(ii) a free Australian emissions unit in accordance with Part 11 (destruction of synthetic greenhouse gases); and

(57) Clause 353, page 437 (lines 23 to 25), omit paragraph (1)(ea).

(61) Clause 382, page 459 (line 33) to page 460 (line 2), omit “free” (twice occurring), substitute “auctioned”.

The purpose of this particular set of amendments goes to the question of how permits under the Carbon Pollution Reduction Scheme are allocated.

The Australian Greens believe that there is no case whatsoever for allocating free permits. We believe that there should be 100 per cent auctioning of these permits. This is an absolutely critical matter for us and I indicate to the committee that this is a matter on which we will seek a division later. As Professor Garnaut noted:

Whether a permit is sold or granted freely, the recipient will acquire the full economic and financial benefit it bestows because it is a scarce and valuable resource.

That is absolutely right and as the cap tightens then, of course, the value of those permits, in theory, increases. I cannot understand for the life of me why the government would not seek to get the economic and financial benefit of the permit through an auctioning process rather than by allocating so many free permits. Once you go down this path of a combination, as the minister has clearly chosen to do in the scheme, then you get into a situation where it is highly complex. There is pressure on government decision making and you get rent-seeking behaviour. If ever we have seen rent-seeking behaviour in Australia, it has been from all of the companies who are here declaring why they should get free permits and from the coalition going into bat saying: ‘Yes, even more free permits. Every player should win a prize here, everyone should get free permits, more free permits and more free permits on top of that.’

This is one of the fundamental aspects of this scheme which is grossly unfair because it provides an economic benefit to the biggest polluters for which they do not have to pay. It deprives the government of the economic benefit which would accrue from the full 100 per cent auctioning of the permits, which they could use, as Professor Garnaut
noted, to address some of the market failures in the development of new low-emission technologies. We have had endless debates in this chamber; the government argues constantly against a gross national feed-in tariff saying, ‘Why should the community have to pay an equivalent amount? It is a regressive tax et cetera’, in order to provide a benefit to low-emission and new breakthrough technologies. So it continues to oppose it and argues that the renewable energy target is enough.

But the problem we have here is that there is no money anywhere for research and development, commercialisation and scale-up from pilot to small-scale and medium-scale enterprises in the renewable, in particular, and energy efficiency technologies. We argue that we do not have the money to do it, and here we have a perfect income stream with which to do it and the government has chosen, in a most unfair way, to shoot the benefit to the people who have caused the problem—the big polluters who get these free permits and to all the associated rent seekers. In the case of the energy-intensive trade-exposed, there is no set of underlying principles, which goes to the compensation behaviour. So it has become a political auction, not an auction in terms of what ought to be occurring—that is, that everybody should have to purchase their permits and then the government would have the revenue which it could then use to encourage new technologies. It would have a revenue stream to assist, for example, in meeting our obligations to mitigation and adaptation in developing countries. It would also have an income stream which it could use to pay cash payments, if it chose to do so, to some of the polluters. It could also recognise that it could go for accelerated depreciation on new investment in some of those instances whereby they reduce their emissions. It would actually place the cash in the government’s hands to start wit, to actually drive the low-carbon to zero-carbon economy.

Instead of that, the government has said, ‘No, we choose not to have the money. Instead, we will give these free permits out in increasing and vastly increased quantities to coal fired generators, to the energy-intensive trade-exposed and so on out there. We are giving out the free permits.’ Does that mean that they will not pass on that price rise to the customers? No, of course it does not. They will get something for nothing and they will continue to pass on a higher price. The higher price will be compensated in part by the government’s compensation package to low- and middle-income earners, but we have already seen that almost $6 billion out of that compensation package was taken directly out of the pockets of consumers and put into the pockets of these coal fired generators and energy-intensive trade-exposed. For the life of me, I cannot understand why a government which says it is committed to principles of fairness and social justice wants to have one of the largest wealth transfers in Australian history across to the people who have caused the problem. There is no justification for it, as Professor Garnaut noted in his review:

The Review concludes that there are no identifiable circumstances that would justify the free allocation of permits.

Professor Garnaut was appointed by the government to do an assessment of the emissions trading scheme. He has come back and said that the review concludes that there are no identifiable circumstances that would justify the free allocation of permits, and if we have learnt anything from the European Union and the mistakes they made with their emissions trading scheme, and also from some of the mistakes that have been made in the north-eastern Regional Greenhouse Gas Initiative in the United States, that is to recognise that they all say that they made a mis-
take in going with the free allocation of permits to the extent that they did, and they are now all on track, moving towards to the full auctioning of permits. In my view, and it is a view in which we concur with Professor Garnaut:

... it would be inappropriate to use freely allocated permits as part of the proposed transitional assistance arrangements for trade-exposed, emissions-intensive industries.

Doing so would suggest that assistance is being provided on compensatory ground, and this would be wrong. Professor Garnaut goes on to talk about that in the review.

I would be very interested to hear the government’s justification as to why it did not take the advice of Professor Garnaut and why it did not look at the experience of the Europeans and the state of the budget and recognise that it had in its hand the capacity to have 100 per cent auctioning and the income stream from that 100 per cent auctioning to go and do the things it needed to do—like upgrading the national grid, for example—so that it could maximise renewable energy and energy efficiency. It could have used the money to support R&D, commercialisation and scale-up of new technologies. It could perhaps have allocated some of the money to the overseas commitments we are going to have as part of a fair financial mechanism.

Given our discussion on this last week, I note with interest that the minister was unable to tell us last week what Australia’s position was on financing, but it seems that the Prime Minister was able to tell people at the Commonwealth Heads of Government Meeting what Australia would contribute to the fast start-up financing—which, I indicate again, the Greens support, always have supported and will support. We would like to know where the money is coming from, since the government have chosen to give free permits to the big polluters rather than having the money to allocate to whatever cause they chose in terms of meeting the carbon challenge—including some cash payments, some accelerated depreciation and some mechanisms to assist some of the big polluters to make the transition that they need to make. Instead, they have locked in coal fired power.

For those people who say, ‘Oh, look; just pass this and then fix it up later’, they have probably not realised that what the government has done—by the requirements on the coal fired generators—is to require the big polluters to keep on going and keep on polluting out to 2020. All the business analysts are now recognising that, far from driving the transformation, the government’s new arrangements actually lock in the generators to coal fired power well beyond 2020. As I indicated in this debate on Friday, the emissions trajectory from Australia’s energy sector does not come down, even under the government’s analysis, until 2034—and that is way, way too late to address the problem.

I am looking forward to hearing from the minister as to why the government went down the path of free permits to the big polluters and why it chose not to have 100 per cent auctioning and get hold of the income stream that would have helped to drive that investment in the new technologies that we know are out there and that are desperately in need of cash. As they will all tell you, there is no money at the moment and no incentive under the Renewable Energy Target Scheme for geothermal, solar thermal, wave power and that next tranche of technologies.
which cannot at the moment compete with wind, for example, let alone coal, and will not be able to do so unless there is some money out there to actually assist them to scale up and do this. This was the opportunity to have the cash, and it is not there. There is a preference to give it to the big polluters rather than to use it in the national interest.

Senator Wong (South Australia—Minister for Climate Change and Water) (4.28 pm)—To start with, I would like to put some facts on the record so that people can understand what we are trying to do here. Australia is one of the world’s most carbon-intensive economies. To reduce our contribution to climate change we have to change the way our economy works. That is not an easy task. If it were easy, previous governments would have done it. If it were easy, we would not have this Senate still debating this issue some nine months or so after the draft legislation was first released.

One of the key policy balances that has to be struck is how you manage that transition and how you manage to support existing industries—which will face a carbon price which they have not previously faced—whilst you develop the incentive for new industries. In trying to strike that balance we have consulted widely; we have spoken to industry, to NGOs and to the community. We have considered very carefully not just Professor Garnaut’s report but also the results of that consultation.

Senator Milne puts forward a view that somehow we have given everything away. I just want to make this point, because it is a very important point: if you look at the percentage of auctioning as the marker of an environmentally effective scheme, the scheme before the committee, even with the amendments that have been negotiated with the opposition, has a higher level of auctioning than the European Union’s scheme when it first started, or even in its second phase, and a significantly higher level of auctioning than the scheme that is currently before the United States congress.

I just remind the committee that the ETS in the European Union had less than three per cent auctioning in phase 1 and less than 10 per cent—depending on the country—for phase 2. It is not until phase 3, which I am advised does not commence until post 2012, where you would have a majority of auction permits. The scheme that is currently before the US congress—the Waxman-Markey scheme—and also, I am advised, the Senate bill, has 85 per cent allocation. So, what is that—15 per cent auctioning to start with? So the proposition that somehow we have gone way beyond where other nations have gone is simply factually incorrect.

Secondly, on the next point, it is important to recognise that at the commencement around two-thirds of our permits will be auctioned. The emissions-intensive trade-exposed sector we anticipate would be around 30 per cent or less at the outset. I think the electricity sector adjustment scheme is in the order of six per cent of permits and you have the additional permits for coal. But the majority of permits will still be auctioned.

The next point I make is really the same point I make when people talk about a carbon tax. There is a lot of talk—and the senator used the phrase ‘rent seeking’—about people coming to government seeking assistance for the transition. Why does anybody think that changing how you implement a carbon price is going to resolve that issue? Firms are still going to ask for assistance, it will just be in a different form. Under Senator Milne’s scheme it would be in the form of cash, as opposed to permits. Under a carbon tax it would be around how that tax was lev-
ied, the quantum of it and who could get exemptions from it or how that would work. These policy issues are not avoided, because they are central; they are about how we best and most fairly share the costs of moving to a lower carbon economy.

We have, in terms of the plan before the committee, the single largest share of revenue under this scheme going back to Australian households, because this is about how you support the community and the economy through the transition. My advice is that in excess of 40 per cent of the revenue goes back to Australian households. In fact, I think it is more than that when you add the proportion of household assistance which would be provided through the fuel tax offset, which I know the senator opposes. I make that point because I think there seemed to be in Senator Milne’s contribution some suggestion that this is wildly at odds with what the rest of the world is doing. Actually, we are doing quite well if you regard the percentage of auctioning at the outset as a marker of the environmental effectiveness of the scheme.

The senator suggested there is no incentive for clean energy. We have invested a very large amount of money in clean energy initiatives. My recollection is that just in the Solar Flagships program there is $1.5 billion or $1.6 billion and there is some $460 million in Renewables Australia, and a four-fold increase in the renewable energy target. These are not investments that can simply be waved away, and we make no apology for the transitional assistance in this bill—absolutely none. This is about supporting existing jobs at the same time as giving the incentive for those industries to become more efficient and for Australian companies to invest in clean energy projects and lower carbon goods and services.

The government opposes these amendments. The senator chose to focus on the emissions-intensive trade-exposed program. This is a set of amendments that provides assistance in cash. We do not believe that is the appropriate way of providing assistance. We also suggest that the provisions add significant complexity to the EITE—emissions-intensive trade-exposed—regime. It also does not deal with the issue for business, which is how you manage the hedging against the carbon price. One of the benefits of providing assistance in permits is that there is an inbuilt hedge because the value of the permit correlates with the carbon price. If you are providing assistance in cash, one would anticipate that if the carbon price is higher than anticipated at the time that the cash is provided you will get companies seeking additional cash assistance from government.

Finally, I think these amendments also deal with removing the fixed price and the price cap mechanism. We do not agree with these. We have consciously sought to have a measured start to the scheme. We do want to give business and the community time to adjust to the introduction of a carbon price. That is why we have a fixed price and a price cap for the first four years. We think that is an important transitional assistance.

Senator BOSWELL (Queensland) (4.36 pm)—How many permits will be issued? I want to know because this is going to cost around $120 billion by 2010. There is another amount of money that Senator Milne, Senator Nash and I have been trying to extract from the Minister for Climate Change and Water without any success—the money that is going to be required to pay for the underdeveloped countries. I believe the Prime Minister said that we all should kick in $10 billion. I do not know what that is, but let us assume that it is another $4 billion, $5 billion or $10 billion—whatever. What
frightens me about this proposition is how you get out of it. Once you have established that the permits have a value and the value becomes a property right, if this emissions trading scheme turns to custard, as it probably will, how do we as a nation extract ourselves from it? Do we have to go in and buy every permit that may be worth $50 or $60? These are considerable amounts of money. No-one has got a crystal ball and knows whether this will work. Many think it will not work and that it should not be done until after an agreement has been reached at Copenhagen. Most people do not see any point in doing it unless the other countries in the world do it.

We are saddling ourselves up as probably the second country in the world, if you take the EU as a collective, that signs up for this. With $120 billion or whatever it is, you have always got to have an escape route if this turns to custard, if it goes bad, if no other nation does it, if the Copenhagen agreement falls over and it is only the EU that have got an ETS. Last week—senators may be able to tell me—I think they ruled out 162 industries, so they have highly qualified their ETS and reduced it by 162 industries. But we are bravely galloping ahead with this. What happens if all these things fail? What happens if no-one else comes in and it is only the EU? They will then have an ETS when you do not have an ETS. What happens if America does not come in? How do we get out of this? How do we escape or do we just say: ‘Gee, wasn’t that a shocking decision; that was a costly one. We’ll let that $120 billion go through to the keeper’?

I and the rest of Australia want to know: if this thing fails, no-one else comes in and we are the only people to do it other than the EU, how do we get out of it? Do we go out and buy all those millions of permits back? Who pays for that? This is why the popularity of this scheme is going down like a brick. A week ago 54 per cent of people did not want it till after Copenhagen and 34 per cent did. This week it is 60 per cent that do not want it and 27 per cent that do. While we are talking, the popularity of this scheme is reducing and reducing. As people understand this more and more, they become more and more frightened. Senator Wong has not been able to sell this. I understand why she has not been able to sell it: it is a dog. You cannot sell it, so you want to get this scheme through as quickly as you can—saddle up the people with $120 billion worth of debt, with another $4 billion or $5 billion for the developing countries—and there is no escape route. Once you put it in there is nowhere to go that I can see. Up at Yabula last Thursday, I think, 1,200 people lost their jobs because of an ETS. Sixty-odd lost their jobs in Rockhampton in a cement factory. That is just, as I said, the canary in the mine. An ETS has not even hit yet, but just the threat of an ETS is costing a lot of people their jobs. Surely you are not going to saddle Australia up with this, with no way to get out of it. I would be very interested in the minister’s reply.

Senator SHERRY (Tasmania—Assistant Treasurer) (4.42 pm)—Senator Boswell has raised a number of legitimate questions. There were quite a few polemic debates surrounding some of the questions, but I will attempt to address at least two matters, one of which I have some first-hand knowledge. That goes to the issue of the arrangements for developing countries. This issue was in fact discussed at the recent IMF and World Bank meetings of Treasury and Finance ministers which were held approximately two months ago and at which I represented Australia. I took part in discussions about, firstly, the level of contribution to developing countries and, also, the governance parameters as to how that money would be administered and paid to those countries that would be eligible. I can provide an update from those
discussions that were held at the World Bank and IMF meetings. I also understand these matters were considered by the Treasurer, Mr Swan, when he was at a meeting of G20 finance ministers and treasurers in Scotland about four weeks ago. The latest details that I can give you are comments from the Prime Minister himself at the Commonwealth Heads of Government Meeting of 28 November. The Prime Minister outlined Australia’s parameters and principles in our approach to the particular issue that you raised, Senator Boswell. I can refer you to his comments. The Prime Minister said:

One of the proposals which has been advanced by the British Government, and by others, has been for a fast-start fund to assist in overall climate change financing, underpinning an agreement at Copenhagen. Australia today has said that should such a fast-start fund come into being, then it should be governed by the following principles. Firstly, fast-start assistance should represent a substantial increase on existing climate change funding allocations, and use existing distribution channels to ensure fast-start finance is not delayed. Second, focus on the most vulnerable, least developed countries. A large number of these are small island states.

Third, ensure adaptation activities are adequately and transparently funded, separately from mitigation activities. Fourth, to focus mitigation finance on time-critical activities, including reducing deforestation and forest degradation, otherwise called REDD. And fifth, increase the capacity of developing countries to absorb significantly scaled-up climate finance in the post-2012 funding arrangements, including through leveraging private investment flows.

This is the set of five principles that was circulated at the Commonwealth Heads of Government Meeting which the Prime Minister spoke to on behalf of Australia. The Prime Minister further said:

Australia is of the view that such a fast-start fund can assist in bringing about a good outcome at Copenhagen, but most critically, assist those most vulnerable states dealing with adaptation challenges now.

I have already referred to the particular difficulties that small island states face. The Prime Minister further said:

The Association of Small Island States worldwide includes some forty plus States, twenty of whom are here represented at this Commonwealth Heads of Government meeting.

Small Island states in the Pacific and the Indian Ocean and of course here in the Caribbean as well. The particular vulnerabilities facing small island states from climate change is acute. In our own region in the South Pacific, we are particularly mindful of the challenges in Kiribati and Tuvalu …

Elsewhere coastal inundation is also an issue. In fact, for some of these island countries it is a threat to their very existence. The Prime Minister further said:

For these reasons, what Australia has proposed today is that if the United Nations agrees to establish a fast-start fund to assist with adaptation tasks for the most vulnerable states, then five to ten percent of that fast-start funding should be dedicated to small island states.

This is of particular relevance in our own region, where we have states already being directly affected by inundation and other consequences. It is also relevant in the Indian Ocean with states such as the Maldives …

Apparently at CHOGM, the head of government spoke very powerfully about the challenges which his country faces from inundation. I also know from my representative capacities with the Pacific Islands Forum Economic Ministers Meeting and the Pacific Islands treasury and finance ministers meeting that this is an issue of significant focus. Rising sea levels are a threat to the existence of a number of these island states. It was also a matter of discussion at the Pacific Islands finance ministers meeting, again, where I represent Australia.
They are the principles that Australia has outlined with respect to assistance for under-developed countries—as you term them, Senator Boswell. It is an important issue because, as I have said, there are many of these small island states who face absolute calamity. To come to your first question regarding the number of permits, at a five per cent cap in 2020, initial permits as at 2011 are estimated to be 450 million. The permits have to be acquitted under the scheme, which means you do not necessarily have to build up a large excess pool.

Senator BACK (Western Australia) (4.50 pm)—I pick up the point made by Senator Sherry, particularly as it relates to the meeting held on 7 and 8 November in Edinburgh, at which, as Senator Sherry quite correctly said, our Treasurer, Mr Swan, represented Australia. It was a meeting of the G20 finance ministers, who were pushing very hard for a decision to be made there and then in advance of Copenhagen. The decision they wanted agreement on I think was an expenditure of some US$150 billion annually by the developed countries. Treasurer Swan quite correctly said that there was no way that Australia could contribute prior to Copenhagen—there was no way that Australia could make that commitment prior to Copenhagen. He said that we should wait until after the meeting in Copenhagen before any commitment should be made by Australia. That is critically important, because any reasonable, rational person would agree with him.

It was interesting that the Europeans were pushing very hard, because they, of course, are low carbon emitters. The reason many of the European countries are low carbon emitters is due to their reliance on nuclear power for electricity generation. For example, 80 per cent of France’s electricity is generated by nuclear means. On the very same weekend as the meeting, 7-8 November, the Labour government in the UK announced that they were going to build 10 new nuclear power stations. So the Europeans were trying to wedge countries like Australia, making the observation that we should be committing. The figure that I have seen advertised that Australia should make as our contribution is some $7 billion annually. We could find ourselves in the ironic position that China, being one of the developing countries, could be the recipient of Australia’s $7 billion annually, and who would we look to to borrow the $7 billion from but China. Most of the borrowings that have taken place, certainly by the United States and probably by Australia in the purchase of our government bonds in recent months, have been from China. So we find ourselves in the unusual position of borrowing $7 billion a year from China to give it back to them on the basis of them being a developing country. This is untenable and unconscionable. The Treasurer was quite correct in his statement that we should wait until after Copenhagen. Of course, it simply emphasises and underpins that we should be waiting more generally until after Copenhagen.

The only comment I will otherwise make at this moment relates to China, because there has been so much mention of it in recent times. The minister has referred to the possibility of the Chinese indicating that they might show some interest in introducing some sort of a carbon-reducing plan sometime in the future. I do remind the Senate that it was only this time last year that the central government in China admitted that they have no idea how many illegal coal fired power stations are being commissioned each month.

We should all recall in this discussion—and I will bring it up at a time more relevant—that the central governments of countries like India, China and Indonesia do not command the sort of relationship with regional and state and territory governments as
we in Australia do. A very simple example of that is the Stern Hu case, where the central government had to defer to a local mayoral government. We had the example recently in Indonesia with the Oceanic Viking, where an agreement was struck between our Prime Minister and the President of Indonesia only to result in the local regional government simply ignoring what had been struck. It is important that in this debate we understand that when a central government in those countries makes an indication or an expression or a commitment they simply do not have the capacity to be able to honour it in the same way that we have in our country. More on that later, but on the point that Senator Sherry raised—which was the engagement of our Treasurer, Mr Swan, on that occasion of 8 November—his statement at the conclusion was that we must not make a commitment until after Copenhagen.

Senator BOSWELL (Queensland) (4.56 pm)—Whilst you were out of the chamber and Senator Sherry was replacing you, Senator Wong, he gave us some advice on how the first five or 10 per cent of our fast start money had to go to the islands in the Pacific and elsewhere. It was very interesting, but it was not what I asked him. I asked him how much money it was. The Prime Minister was overseas just a couple of days ago and he made some comment about the undeveloped countries. He said that we have to put in something like $10 billion—I think that was the figure. He did, however, make a statement on how much money would have to be paid.

I have continually asked you what that money is. I have heard $4 billion. I have heard $7 billion. It is beyond belief that the Prime Minister should go over to a forum and make a statement about putting money on the table but that he does not tell us how much money it is. As far as Ron Boswell or anyone else is concerned it does not really matter, but you have to tell the people what that money is. They deserve to know. That money is public money and the amount should be made public. It is beyond belief that you tell us that the Prime Minister went over and made a statement about how much money—he did not actually specify what Australia had put in but he told people what he thought the money should be—but that that amount is not made public.

I made this statement too, Senator Wong, and I will make it again: last week there was polling done by the Australian Chamber of Commerce that said 54 per cent of the people did not want to progress down this path until after Copenhagen whilst 34 per cent said that they want to go immediately. One week later—and this is the same pollster with the same question—the 54 per cent has gone to 60 per cent and the 34 per cent has gone to 27 per cent. The reason this is happening, Senator Wong, is that you will just not come clean. You will not tell the people what is involved. So no wonder people are turning off this and the support for it is dropping like a brick. And next week it will be less. You cannot expect people just to take you on your word. You know what it is and the Prime Minister knows what it is but you will not tell them. I cannot go over there and beat it out of you but you should be able to tell the people what the cost of it is.

There was another aspect I raised, and I was told that 450 million certificates will be issued. The other issue I wanted to get some advice on is this: what happens if this emissions trading scheme turns to custard, if it does not do the job, if no-one else goes in? I suspect that will be the case. We will have the EU in, which is a collective of countries, but so far no-one else has made a move to join. Yes, you have a few press releases from China, Japan and a few other places that have made some sort of commitment, but in real terms the EU is the only one that has put
an ETS together and it is highly qualified. A couple of weeks ago they removed 162 industries from it, so it is the ETS you have when you do not have an ETS.

But what I want to know, and what I think everyone wants to know, is: if this goes bad, if no-one joins, if Copenhagen is a wash-out and no-one turns up with a real commitment, how do we get out of it? We would have 450 million certificates valued at somewhere between $20 and $30 each. They have a price. They would be property rights. Once we push these into legislation, they will become property rights. If everything turns bad, what is our strategy to get out of this? What is our exit plan? Have we an exit plan or do we just write off something like $129 billion over 10 years and say: ‘Well, that was bad luck. We miscued on that one’? These are the things that people want to know. I do not know what that means in real terms. I want to know how we recover our money. How do we extract ourselves from this mess if no-one else joins?

I think basically what people are saying in the polling is: ‘We’ll pay our fair share. If everyone in the world joins, we’ll pay our premium.’ That is how I am interpreting the polling that indicated that 60 per cent of people did not want to go down that track and 27 per cent did. The poll was taken by Galaxy over the weekend. The reason the popularity of this is falling is that you are not explaining it. You are not telling anyone. You are standing up there and giving glib replies but you are not answering any questions. When its popularity drops further next week, down to about 14 per cent, you are going to be officially labelled the worst saleswoman in the world because you have not been able to sell this to the public. You cannot even sell it in this parliament. Please tell me how we get the $129 billion out of this if the worst comes to the worst.

**Senator WONG** (South Australia—Minister for Climate Change and Water) (5.03 pm)—I am not sure how much of that was a question. Some of it seemed to focus on me, some of it focused on press releases and some of it focused on the debate we had for hours, I think, on Wednesday night. In terms of polling—I am not quite sure which poll the senator was reading from; I think there were a range of polls in the papers over the weekend—can I just say we do not do this because of polls. We do it because we think it is the right thing to do. I would also remind you that you also went to the last election committing to do this.

I would also make this point. I understood that there was bipartisan agreement in the parliament for the targets, so I am not sure if the senator is suggesting that he is now changing the coalition’s previous stated position of supporting the targets, including the unconditional target of five per cent. If that is his position, it might be useful to know that.

In relation to the issue about international financing, we did go through this in some detail last week. You are right, Senator Boswell, and I have said so. We will be accountable for what we propose internationally, but we have not made that announcement. If and when Australia does so, we will be accountable for that and we will explain to the Australian people why we have made the decision that we have made. But what you are asking for is for me to pre-empt that government announcement, and I am not going to do that.

One of the other things the senator said is, ‘You’ve only got press releases.’ A press release from the President of the United States is probably not a bad commitment. I do not believe that is a serious political—

**Senator Boswell**—He hasn’t done too well so far!
Senator WONG—Senator Boswell, you may not like the President but that is not really the issue.

Senator Boswell interjecting—

The TEMPORARY CHAIRMAN (Senator Bernardi)—Senator Boswell, cease your interjections.

Senator WONG—If the Obama administration makes a public statement about what its commitment is, I think that is not a bad indication of what it intends to do. If the Prime Minister of Japan makes a public statement indicating what his commitment is on behalf of his nation, that is not a bad indication of what they are proposing to do. These are elected heads of government or heads of state and they are making commitments on behalf of their nation.

Senator BOSWELL (Queensland) (5.06 pm)—Let me say, the Howard government made a statement and it said something like this: we will put an ETS up but we will not let our exporters suffer—and I am paraphrasing it—and we will be doing it in sync with the rest of the world. That is the difference between your ETS and Howard’s commitment. Howard’s commitment was something like that. I do not have it in front of me, but it said we will not ruin our exporters and we will do it in sync with the rest of the world. You have gone well and truly beyond that. You are affecting our exporters and the rest of the world has not joined in, so do not come to me and say, ‘You went to the electorate with a similar ETS.’

Under the plan put forward by the Prime Minister and Minister Wong, Australia will reduce its greenhouse gas emissions from roughly 550 million tonnes to 520 million tonnes. The point I make is that with this whole Carbon Pollution Reduction Scheme, including the emissions trading scheme, Australia is going to go down 30 million tonnes at a cost of $114 billion-plus-plus-plus, depending on the world price of carbon and the strength of the Australian dollar. So when we go down 30 million tonnes, China is going to go up three billion tonnes. I found it frightening when I read an article titled ‘India says greenhouse gas pollution to jump’ which said:

NEW DELHI ... – India said it expects its greenhouse gas emissions to jump to between 4 billion tons and 7.3 billion tons in 2031, a report said on Wednesday.

Australia is rushing ahead to be the first cab off the rank to introduce an emissions trading scheme, when India will increase its emissions by four to seven billion tonnes by 2031 and China will increase its emissions by three billion tonnes by 2020. Australia will reduce its emissions by just 30 million tonnes.

Minister, going on those figures—and I believe I have got the figures right—what Senator Boswell is saying and what 60 per cent of Australians are saying is: ‘Please do not make a decision on this before the elec-
tion.’ What are we actually going to achieve when these developing countries are going to increase their gases by billions and billions and we are going to reduce ours by 30 million? Surely, Minister, shouldn’t we reconsider this whole plan before these other countries sign up to doing something? Our forecast reductions are simply a drop in the ocean, while the forecast levels for these other countries just go up and up and up. What are we going to achieve?

Senator BARNETT (Tasmania) (5.10 pm)—I want to follow up in the same vein in terms of the targets, Minister, I have the explanatory memorandum in front of me. Page 6 says—and it is on the public record—that the medium-term national target is to reduce emissions by five per cent to 15 per cent of the 2000 levels by 2020. An article in today’s Examiner on page 11 talks about the various countries and their targets. Some have just been recently released and I think the US indicated a target last Thursday. What I would like to get is an update on the target for the various countries—like the US—compared to Australia at 2000 levels. We have five to 15 per cent of 2000 levels. That will be the cut by 2020. This report says the US, one of the world’s biggest emitters, has promised to cut emissions by 4.5 per cent by 2020 based on 1990 levels.

Could the government correlate that and put it into figures so that we can compare at 2000 levels? I saw a report on Friday which compared the cut to a 12 per cent cut and I saw another one on the weekend—I think it was in the Australian Financial Review—that talked about a 17 per cent cut. I would really appreciate that if the government could provide that information. I am sure the government would have done that research to compare apples with apples. We can then get the US target comparison. Likewise, Senator Williams referred to China. From what I read from this report, China is the biggest greenhouse polluter. It has promised to cut its carbon intensity emissions per unit of GDP by up to 45 per cent by 2020 compared to 2005 levels. Minister, can you help us by comparing apples with apples? Likewise, can you give us the figures for the European Union, Japan, Brazil, India, Russia, Africa and other relevant countries? I am happy for you to table a document to summarise that. That would be greatly appreciated.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.13 pm)—We have previously discussed this quite a number of times. I say in response to the contributions made by Senator Williams and Senator Boswell—who has left the chamber—that we are not acting alone. I do not know why it is that the National Party and some Liberal senators continue to come into this chamber and assert something that is simply not true. Action is being taken in other countries. It may not be the action you wish to be taken.

Senator Nash interjecting—

Senator WONG—Senator Nash, it is actually what Senator Williams said. I do not think it is reasonable for senators who oppose action on climate change to try to fudge the facts to assist their argument. They can argue it, if they wish, on the basis that they do not believe the science—which is some of them—or for whatever reason, but it is not correct to say that we are acting alone. The second point I would make is by way of a quote—and this is, I think, quite interesting, when you consider that this was the report commissioned by then Prime Minister Howard:

.... waiting until the truly global response emerges before imposing an emissions cap will place costs on Australia by increasing business uncertainty and delaying or losing investment.

...
After careful consideration, the Task Group has concluded that Australia should not wait until a genuinely global agreement has been negotiated. It believes that there are benefits, which outweigh the costs, in early adoption by Australia of an appropriate emissions constraint. Such action would enhance investment certainty and provide a long-term platform for responding to carbon constraints.

That was the advice to Prime Minister Howard. Perhaps the best way of describing that is the way in which Dr Peter Shergold described it on the *Four Corners* program, which was interesting viewing. He said the advice was ‘go soon’. That was the advice to you in government, and that was why the emissions trading scheme policy was adopted by the Howard government and taken to the last election. In relation to Senator Boswell’s polling questions, I suggest that action on climate change was something that was a significant aspect of the last election campaign.

In relation to Senator William’s questions, the proposition behind what Senator Williams seems to be suggesting is that we should not do anything because others are not doing enough, we should not do anything because others are bigger or we should not do anything because—I am not quite sure what the other reasons were. Senator Boswell made a comment last week in which he said, ‘I pay my share of the rent.’ This is our share of the rent. If we accept that this is a nation vulnerable to climate change—if we accept, therefore, that we need a global agreement—then we have to be prepared to do our bit. That is what we are proposing; to do our bit, to not stand back and say, ‘You go; you do it.’ That is for two reasons. First, it is not fair. Second, it is because we have an interest in acting and getting the world, as much as we can in pressing, to a global agreement, because if we do not get a global agreement it is our farmers, our land, our natural assets and our economy which will be hit hard. So we have a self-interest as well as a public interest in acting.

The figures I have given in this chamber perhaps a dozen times—I might be exaggerating; maybe half a dozen times—are that at 2020 a five per cent cut would yield about a 138-million-tonne reduction, a 15 per cent target around a 194-million-tonne reduction and at the 25 per cent target around a 249-million-tonne reduction.

*Senator Williams interjecting—*

*Senator WONG—*Yes, Senator Williams, it is smaller than China. We are smaller than China. We also are part of an international agreement that recognises that we cannot simply ask people to stay poor, that what we have to do is have a framework which enables some growth in developing countries, then a peak and then a decline. That is what we signed up for. What we have to do is encourage the same thing in China as what we are encouraging here: a low-carbon growth path. We have to, for the first time in human history, really de-link emissions growth and economic growth. We have to stop making worsening climate change the price of economic growth, because if we do not we know it will cost us much more in the long term. That is why we have before the parliament a scheme that is about reducing our contribution to climate change as a nation.

Senator Barnett asked me for some comparators. I think this is the fourth time I have read this table out and I am happy to do it again. I will then also give you some figures in relation to 1990. You know our targets, which I think we have bipartisan agreements to; they are minus five, minus 15 or minus 25 per cent on 2000 levels. Canada has a target of 20 per cent below 2006 levels. The European Union has 20 to 30 per cent on 1990 levels. Japan has 25 per cent on 1990 levels. Mexico has agreed to reduce emis-
sions by 50 million tonnes annually until 2012 against business as usual and then by 50 per cent below 2002 levels by mid-century. The Russian Federation has officially announced 10 to 15 per cent below 1990 levels. The Republic of Korea has committed to reducing emissions by 30 per cent below BAU by 2020. The United States has announced a 17 per cent reduction on 2005 levels by 2020. It has given subsequent targets for 2025, 2030 and 2050. Brazil has agreed—this is an announcement by President Lula—to reduce emissions by between 36.1 and 38.9 per cent relative to business as usual by 2020. Deforestation targets will equate to a more than 80 per cent reduction in the rate of deforestation between 2006 and 2020.

China has agreed to reduce carbon dioxide emissions per unit of GDP by 2020 from 2005. The margin that was announced was, I think, 40 to 44 per cent, but I will check that—the notes I am reading from predate the announcement. India has announced a national energy efficiency plan, including a cap and trade system, to save about five per cent of India’s annual energy consumption by 2015 and reduce annual carbon dioxide emissions by 100 million tonnes. It has a solar target of 20,000 megawatts by 2020. Indonesia has agreed to reduce emissions by 26 per cent below business as usual to 41 per cent with overseas support and agreed to seek to convert forestry from a net source to a net sink by 2030. The South African environment minister outlined a plan last year to peak emissions around 2020-25, stabilise for a decade and then decline.

Senator Barnett’s point is very valid. China has committed to a 45 per cent reduction in GDP figures. Their emissions today, going on my figures, would be around seven billion tonnes a year. We should be looking at what China’s emissions will be come 2020. Of course, China’s economy is growing very rapidly, and hence they will be putting out a lot more emissions. Minister, how
many of the countries on that list you read out, excluding the European Union—you mentioned Brazil, Japan, the Republic of Korea and so on—actually have an emissions trading scheme in place today?

Senator WONG (South Australia—Minister for Climate Change and Water) (5.23 pm)—I actually neglected, because it does not appear to be in my table, New Zealand, which, under a conservative government, has legislated its emissions trading scheme. The European Union obviously has legislated. The US is in a similar position to Australia in that legislation is before the Senate, and I think Japan is committed but has not yet legislated.

Senator IAN MACDONALD (Queensland) (5.24 pm)—Senator Barnett’s request is very simple and deserves attention by the minister’s department. The figures the minister reads out are reductions of different base figures of different calculations. I hope that, before we progress too much further, we can have the answer to Senator Barnett’s question so that we can all consider it.

I have risen to ask the movers of the amendment, the Greens, some questions, but I cannot help but follow on Senator Williams’s comment. The minister mentions all of these other countries—this is the bit that I cannot quite understand—but none of them, with perhaps two exceptions, have a legislated scheme. I heard the minister talking about the United States and President Obama’s commitment and how his media releases were pretty good—and I guess they are—but in relation to Copenhagen why isn’t Prime Minister Rudd’s media release as good as President Obama’s media release? I do not particularly follow American politics and their systems, but you do not have to follow it terribly much to know that congress is not going to determine a position by next week, when the climate change conference starts. They will not be determining a position. President Obama may believe that that is what his country should do, but it is a democracy and the President does not rule by decree. He requires approval by congress—by two houses of parliament. I would be happy to be told I am wrong on this, but there is no way in the world, as I understand it, that the American congress is going to make a decision before Copenhagen.

Similarly, in Japan the Prime Minister has indicated an aspirational target, as have many of the other countries, including South Africa. I keep mentioning South Africa because it is a competitor of Australia in the supply of coal to the world, as is Indonesia. They are aspirational targets announced by their leaders. None of those countries is going to have a firm resolve because until we know what the world is doing it is a bit hard to say, ‘We’re going to do what Japan is doing and reduce emissions by 20 per cent,’—although I think Japan’s target is 25 per cent. But to what does this target apply—and to whom and for what industry? And how is it going to operate? There are so many imponderables. What I thought Copenhagen was all about, and what we have been told for month after month, is that Copenhagen was going to bring the world together and arrive at a fairly common scheme so that everyone could go back home and say: ‘Are we in this or are we out? Once we’re in it we can have this world scheme going with world trading of permits, and the bankers will be very happy with all this.’ That is fine, but clearly Copenhagen is not going to do that. So why wouldn’t we take the benefit of what happens at Copenhagen in finalising the design of our own scheme?

Sure, we have agreements in principle. The coalition had nine principles which we sought to have adopted. And I am pleased to see that the Labor government—after severely criticising them and saying they were
a waste of time and money, that they could not work, that it would not happen and that they would be pointless—has changed its mind on that. That is good. What is the necessity in the next three days—the dying days of this year’s parliament—of making sure we vote on these things? I pointed out an obvious error in the legislation this morning. It was obvious to me when I had a look at it. It is an error that has occurred because we are trying to rush something through for no purpose.

I again ask the following question. Australia produces less than 1.4 per cent of global emissions of greenhouse gas, and we are being told in this debate that, unless we vote for this in the next two or three days, Tuvalu and a lot of other Pacific island countries are going to disappear under the sea, suggesting that if we pass the Rudd government’s legislation, which will reduce world carbon emissions by 0.2 per cent, then that is going to save Tuvalu and that if we do not then it is the fault of all of us that Tuvaluans will be swimming above what used to be their homes. It just defies logic. So why don’t we wait and learn from and take advantage of what the rest of the world is doing? We would then come back and say to the Greens and the other people involved in this: ‘Look, that’s what the rest of the world’s doing. On this point they have a better idea than we have; on that point they have a worse idea. We’ll try and convince them.’ Why wouldn’t you do that? Why is it essential that in the next couple of days we have this legislated? Mr Rudd has already done what President Obama has done: he has issued a press release to the world saying, ‘This is our target.’ I think the coalition says, ‘Yep, we agree with those targets, but let’s see what happens.’

I am sorry to delay that—for a couple of minutes only, I hasten to add—because I do want to get on to the amendment before the chair, which I understand is from the Greens and relates to effectively charging for credits that, under the scheme as originally proposed and as proposed to be amended, will be given out free to emissions-intensive trade-exposed industries.

In asking this question of the movers of the motion, I again point out something that I have raised in this chamber before. I was cleaning up my desk and I again came across the front page of the Townsville Bulletin of 26 November, with the headline ‘Yabulu closure threat: PM asked to intervene to save 1200 jobs’. The spokesman for that nickel-refining company in Townsville has said that, if this scheme goes through, 1,200 working families in the Townsville area, where I have my office and hang out, will no longer have a principal breadwinner. I invited the minister, on several occasions, to say this was wrong. All we got was that the Yabulu people, the Queensland Nickel people, were going to talk to her department in the next couple of weeks. That is pretty good. If the minister has her way, in the next couple of weeks this will be legislated, and then it will be goodbye to the jobs of 1,200 people in my community. I feel for those people; I really do. I get emotional about those people.

This refinery, I might just add by way of explanation, was about to shut six months ago. A clever businessman came in, bought it and kept it going. There was huge relief in Townsville, because there had been a pall over Townsville when we thought that one of our three refineries was going to close. We have the nickel refinery that I am talking about, the zinc refinery that has also been prominent in this debate over the years and the copper refinery. They are the sorts of things that, if we do not get this right, could be a problem.
In the case of nickel, we used to get nickel ore from up the back of Townsville at a place called Greenvale. The nickel ore ran out so, rather than shut down a valuable asset and all the jobs, including port jobs, in Townsville that are associated with it, the then owners used to bring the nickel ore from Noumea or the Philippines, ship it into Townsville, refine it in Townsville and then ship it out to the world, keeping lots of jobs and wealth in the country. Most of the nickel ore now comes from the Philippines, where there was a nickel refinery. It was not a terribly efficient nickel refinery. It was one that operated without any restrictions on the amount of its emissions to the world. It was a real greenhouse disaster, but it is still there. It was not shut down or pulled to pieces; it was just put in mothballs. If the nickel refinery in Townsville can no longer operate, I guess that one would be un-mothballed and put back into production to use the ore that that section of the Philippines is currently selling to an Australian company to refine in Townsville. These things really need to be addressed.

I always get very annoyed when the minister looks at anyone who happens to disagree with her and Mr Rudd and says things like: ‘Ah, you’re a climate change denier,’ ‘Ah, you don’t want this scheme to go through; you don’t want to do anything’. That is simply an untruthful explanation of my position. I accept the climate is changing. I do not know whether man is doing it, but then 20,000 of the top scientists in the world do not know either. Half of them think they know and the other half think they know as well but they have a different view, so what chance do I have? I go along with the principle of taking out some risk insurance. Even if it does not happen we should take out insurance, but do not do it before everybody else and put Australia’s economy and jobs at risk just to swan over to Copenhagen and say, ‘I’ve got my legislation passed’.

I believe we should do something and so do the Australian public. In fact, I believe I am in the substantial majority. Yes, we should do something even if it is not true. You might recall the Howard government did a lot of things which reduced greenhouse gas emissions—the Greenhouse Challenge Plus and MRET, the mandatory renewable energy target. I could go on for longer than I have.

Senator Barnett—First greenhouse gas office.

Senator IAN MACDONALD—The first greenhouse gas office in the world, Senator Barnett. We did a lot of things to reduce emissions, and so we should have. I agree with the minister on that: we should be reducing our carbon emissions—but not legislating in this way, and putting at risk 1,200 jobs in my home town, for a scheme that may or may not achieve agreement. What would it matter if we waited until parliament resumed and say: ‘Okay, we’ve seen what everyone is doing in Copenhagen; we’re convinced everybody is going to do something, or at least everybody who counts to Australia; and if everyone who has an impact on the Great Barrier Reef is doing something, the people whose emissions do affect the Great Barrier Reef, then so should we’. I am very firm on that.

I have distracted myself, for which I apologise to the chamber, but I was coming back to the movers of the motion. As I understand their amendment, this will mean a massive price rise across the board for Australian industries, putting jobs at risk, as I have just said. I ask the movers what modelling has been undertaken to look at the cost increases that might result from this amendment being carried. If there are no cost increases, I would like the mover to explain how that could possibly be.

Senator WONG (South Australia—Minister for Climate Change and Water)
(5.38 pm)—I will briefly respond to some of the subject of Senator Macdonald’s contribution. He asked why we need to do this before Copenhagen, and I say two things to him. First, we want to go to Copenhagen with a plan to meet our targets. I would have thought one of the things we in this chamber all agree on is that this is a significant reform. We will be reducing emissions for the first time in our history whilst continuing to grow our economy. We have never before achieved that. We want a plan to meet our targets. We want to be able to do it at the lowest cost. We accept the advice that was put to your government. I was just reminding myself of your own election commitment, Senator Macdonald—with lovely pictures of Mr Vail as well, with Senator Nash, and Mr Howard and Mr Costello on the front—which was to establish ‘an emissions trading system, the most comprehensive in the world, to enable the market to determine the most efficient means of lowering greenhouse gas emissions’.

The second question is; what is wrong with doing it by press release? Well, press releases do not fix the climate. We want a plan to meet our targets. The point about the press release issue is that there was a suggestion by Senator Boswell that somehow we ought not to rely on a public announcement by the President of the United States. The important point we keep asserting—and I have to wonder how it is that the party that used to pride itself on being the superior economic manager, according to its rhetoric, could advocate for a position of continued economic irresponsibility—is that we know that delay will increase the costs. We know that delays will increase the costs, so the people in this debate who say we should delay are actually arguing for Australia’s price tag for action on climate change to grow.

Finally, I will just make this point: we have in fact designed the scheme so that we can take account of what happens at Copenhagen. That is why we will not commit to our targets until we are clear about what has occurred. But, again, I pose this question—and Senator Macdonald may not be in this camp but I suspect he will be: does any one of you believe that those who have done what they have done over the last week will change their minds in February? Does anyone honestly believe that?

Senator Ian Macdonald—Most Australians will.

Senator Wong—I will take that intervention. I think most Australians would ask that question. Most Australians would believe, from watching Senator Minchin’s behaviour and that of others, that you are not going to be for changing. No amount of fact, detail or evidence is going to change your minds. You do not believe that this is something that this nation needs to do, notwithstanding the fact that it was your policy. You are entitled to believe that. I disagree. But I think it would improve this debate if you could come in and be honest about it and say, ‘Actually, I do not believe we should act.’

Senator EGGLESTON (Western Australia) (5.41 pm)—The minister says Australia should do its bit. The problem in doing our bit is that what has been presented to this parliament is a very elaborate and complex emissions trading scheme. Doing our bit requires that we trade with other countries who have similar emissions trading schemes. There are other ways this could be done, but we—Australia—have elected to have, through the Rudd government, an emissions trading scheme. It is predicated on countries in our region, our major trading partners, all having emissions trading schemes so that we can trade carbon credits with them. But in reality I think it is very unlikely that our trading partners will have emissions trading schemes.
Our top five trading partners are China, Japan, South Korea, India and the United States. A month ago I was in Beijing and I went to a renewable energy forum at the National People’s Congress. I asked the delegates there from China, Japan and South Korea whether or not their countries planned to set up emissions trading schemes. They were all very keen on renewable energy, but I asked: would they have emissions trading schemes? The head of the Chinese delegation, who was the chair of the environment committee of the National People’s Congress, made it very clear that China regarded an emissions trading scheme as very difficult to set up for China. He saw immense difficulties in setting up an emissions trading scheme and said they would be unlikely to go down that pathway.

Similarly, the Japanese delegate, who was their former minister for the environment, said that it was highly unlikely that Japan would have an emissions trading scheme. Japan remains our second biggest trading partner. South Korea is our third biggest trading partner, and the delegates there from the Korean National Assembly also said that it would be highly unlikely—in fact, there was almost no chance—that Korea would have an emissions trading scheme.

India is our fourth-biggest trading partner, having displaced the United States from that position. Anybody who has been to India and seen the immensity of the emissions in India understands that an emissions trading scheme simply will not occur in India. The government simply cannot legislate to cover all the many and diverse emissions which occur in India. While, again, the Indians may be interested in renewable energy and many of these countries may also go down the nuclear pathway, an emissions trading scheme is highly unlikely.

It has been said here this afternoon that President Obama has come up with some brave aspirational targets for emissions reductions in the United States, but what we hear from the United States Senate is that the Waxman-Markey bill, which is the bill to establish an emissions trading scheme in the United States, is very unlikely to be considered until late next year and very unlikely to get through. So here we are, setting up this very elaborate scheme to ‘do our bit’, as the minister says, but there is not going to be anybody with whom we can trade these credits. That means that ‘doing our bit’ is going to result in an enormous extra cost burden for the Australian people. This scheme is a very costly scheme. It is a very complex scheme. It is going to adversely affect many Australian industries. It is going to cause an increase in the price of consumer goods because there will be a massive increase in the price of power. We are going to see loss of jobs and many other adverse effects from the scheme.

It seems to me that the idea of waiting a few weeks, until after the Copenhagen conference, to see what the rest of the world is doing is eminently sensible. It may be that, if we are going to ‘do our bit’, as the minister says, we could do it a different way, with some other form of action, but not this immensely complex emissions trading scheme which will require an enormous bureaucracy to administer and will cost a lot of money.

It is very interesting to look at the position of the industry groups. The Minerals Council of Australia has been opposed to this. Last week the Australian Chamber of Commerce and Industry sent out the results of a survey they had done, which showed that small- and medium-sized enterprises would be adversely affected by this emissions trading scheme. And it has to be remembered that SMEs—small- and medium-sized enterprises—are the biggest employers in Austra-
lia outside government. SMEs employ more people than any other sector of our economy and yet they, through their peak industry body, the Australian Chamber of Commerce and Industry, are opposed to this emissions trading scheme because of the adverse impact it will have on small- and medium-sized enterprises.

We know that the agricultural sector has been very concerned about this emissions trading scheme and the impact on farmers. In the agreement that has been reached, only the production side of the agriculture sector has been exempted. The processing side is still going to be subject to the additional costs of this emissions trading scheme. I would have thought that commonsense should prevail and we ought to think this through. We do not have to rush into this. The requirement to pass this scheme within the next few days is an artificial deadline that is being imposed on the Senate by the government. Why do we not just leave it and see what the rest of the world is doing? That is a commonsense approach.

I am getting literally hundreds and hundreds of emails from people all over Australia, but from Western Australia in particular, urging that we delay and that we just move forward cautiously. If this is a scheme that is going to have enormously adverse impacts on the Australian economy if there are not other countries to trade with, then let us just stop and wait and see what the rest of the world is doing. That is the message I am getting from those hundreds of emails that are coming into my office every day. I would agree with the point made by Senator Macdonald—that it seems to be sensible to delay further consideration of this bill until we know what the rest of the world is doing. I would urge the minister to think about that and come up with a process whereby we do defer this until after the Copenhagen conference.

There is no need whatsoever for the government to go to the Copenhagen conference with Australia alone in the world—except for New Zealand and the European Union, which has a small emissions trading scheme with lots of exemptions—triumphantly waving a bit of paper saying, ‘This is our ETS,’ and expecting the rest of the world to follow. The only reason we are doing that, it seems to me, is to satisfy the ego of the Prime Minister. He wants to trumpet to the rest of the world that Australia is doing its bit, but the price of the bit is going to be the loss of jobs and an extremely adverse impact on the Australian economy. We proceed with this legislation ahead of Copenhagen in defiance of common sense.

Senator MILNE (Tasmania) (5.51 pm)—Before I go back to the subject of the amendment, which is to move for 100 per cent auctioning of permits, I would point out that Australia is the 15th largest emitter out of the more than 180 countries in the world. If the argument is that Australia should not do anything because we are, if you like, in relative terms a small emitter then what of all those other countries below us who emit even less than we do? Are you saying that we should not have to do anything even though all those countries emit even less than us? It is an illogical position.

I come back to the issue of 100 per cent auctioning. Senator Macdonald asked, ‘Wouldn’t 100 per cent auctioning put all these businesses out of business?’ I would draw his attention to the Garnaut report on emissions trading. I personally have not done the modelling, but the Garnaut review, in conjunction with Treasury, did do the modelling and the assessment. It was the Garnaut review’s conclusion that there are no identifiable circumstances that would justify the free allocation of permits. There is a whole section from page 331 onwards that explains why that is the case. He goes on to point out
all of the problems which we now have because we did not go down that road—that is, essentially people coming along with no rationale and it being a political game as to who gets what free permits. Any sense of a principled approach has been lost. That is why we should go back to what Professor Garnaut recommended.

I ask the minister: what is the government’s rationale for free permits, since there was no justifiable case for them according to Professor Garnaut? I did ask this question first up but I did not get an answer other than that it was government policy, or a choice the government had made. I am interested to know what the government’s rationale is for going with a mix of free permits and auctioning. Why not 100 per cent auctioning? What is the rationale for free permits?

Senator WONG (South Australia—Minister for Climate Change and Water) (5.54 pm)—I did actually go to the policy rationale, Senator. I explained that we regarded this as a sensible way to provide the transitional support as the economy shifted and I also explained that, obviously, provision of assistance in the form of free permits is scaled to the carbon price.

Senator XENOPHON (South Australia) (5.54 pm)—I indicate that I will not be supporting these amendments. I agree broadly with the Greens as to the destination of much deeper carbon cuts but it is about the manner in which it ought to be achieved. My issue is not whether you give out free permits but how you give them out. My concern is on the issue of churn. We can have a debate about Frontier Economics and their model, which I think is vastly more efficient and produces a better outcome both in economic and in environmental terms. I cannot support these amendments for those reasons. I am grateful for Senator Milne’s amendments, because they do beg a number of very important questions as to the whole issue of how the permits are allocated. That is a very valid point.

I want to refer briefly to a column written by Julian Glover in the Guardian newspaper in the United Kingdom on 23 February 2009. It is an article that I referred to during the February estimates when I asked Senator Wong a number of questions relating to that. But the point that Julian Glover made was at a time when the price of the EU’s carbon permits had collapsed. Julian Glover’s contention was that a collapsing carbon market makes mega-pollution cheap. He said:

The theory sounded fine in the boom years, back when Nicholas Stern described climate change as ‘the biggest market failure in history’—a market failure to which carbon trading was meant to be a market solution.

Instead the contention of Mr Glover was that it actually bolstered the business case for fossil fuels because the price had collapsed. Mr Glover’s contention is that the lesson of the carbon slump:

… like the credit crunch, is that markets can be a conduit, but not a substitute, for political will.

He talks about the fundamental flaws in the European system. I understand that that has been dealt with substantially in recent months. Mr Glover’s column was written at a time when the exchanges were in meltdown and a tonne of carbon dropped to about €8 down from the previous summer’s peak in 2008 of €31 and far below the €30 to €45 range at which renewables can compete with fossil fuels. My question to the minister is: notwithstanding the differences I have with the minister in terms of the issue of churn, and the difference between the Frontier model and what the government is proposing, given Senator Milne’s amendments, to what extent has this approach learnt from Europe where the market price was so volatile that it did not give a clear price signal for renewables and for cleaner, greener alterna-
tives? In other words, how can we be sure that what happened in Europe will not happen here in terms of the safeguards that have been put in place with this particular scheme?

Senator WONG (South Australia—Minister for Climate Change and Water) (5.57 pm)—There are a range of things that we have sought to put into the scheme learning from the European scheme. Can I make the point first—I should have made it before—that the approach that Australia is taking has, in fact, been perhaps not replicated but echoed in the US scheme in terms of the provision of permits as the way forward.

There are a number of issues in relation to the European scheme, and I can get more technical information shortly. One of the issues there was—and there are a range of views about the volatility of the carbon price—whether or not the market had some sense of where the longer term carbon price would be. One of the reasons we have said five years of caps and then the gateways is to try and give the market better information about where the carbon price in the longer term will be. Obviously, that is important in terms of business planning its investments and also working out what its carbon liability is likely to be and so forth.

I was just clarifying and I think my recollection is correct that under phase 1 of the EU scheme they gave an indication to the energy sector of their allocation for a three-year period. ESAS is a ten-year process but for the EITEIs it is linked to their production in each year. Finally, one of the policy mechanisms that is in the scheme before us is a banking mechanism, where you can bank your permit. That is a mechanism about trying to manage price volatility and one which has been put in after some discussion with a range of people in the business community.

Senator EGGLESTON (Western Australia) (6.00 pm)—Minister, I think Senator Xenophon makes a very good point about price volatility in the carbon market. It is one of the biggest issues which we have to face with emissions trading schemes. As he says, the volatility of prices can make the use of renewable energies quite uncompetitive. One way of avoiding the volatility of an emissions trading scheme would be to have a carbon tax. A carbon tax provides a very steady and known price for carbon, if you like, which is only varied by varying the tax. That tax can be set at a level that allows renewable energy systems to be competitive. So my question to the minister would be: what consideration was given to the introduction of a carbon tax in Australia instead of an emissions trading scheme, given that this huge issue of price volatility would have been avoided through the introduction of a carbon tax?

Senator WONG (South Australia—Minister for Climate Change and Water) (6.01 pm)—I am sorry—Senator Xenophon, I just had a quick chat. This is what I understand occurred in the European Union, and if there are people from the EU listening—I am sure there will not be—I apologise if I get this wrong. In phase 1 the allocation of permits was identified three years in advance and then in phase 2 it was identified five years in advance. Entities were not able to trade between one period and another, and I think most commentators would suggest that in fact what occurred was that they overallocated. They got the cap wrong. That resulted, of course—basic economics—in an excess of supply and therefore the price dropped. That is not the design of the Australian scheme. I had a question from Senator Eggleston, but I am happy to finish any question you have, Senator Xenophon.

Senator XENOPHON (South Australia) (6.02 pm)—I thank the minister. Is it the case
that the EITEs in Europe are also dealt with on an intensity based model in terms of the level of emissions? Are the EITEs treated similarly to the way that the government is proposing to treat the emissions-intensive trade-exposed industries here?

Senator WONG (South Australia—Minister for Climate Change and Water) (6.03 pm)—I will give you the answer I believe is correct, Senator, and I will correct it after the dinner break if it is not. My recollection of the EU scheme is that the EITE allocation was not on the basis of output. So that differs from the Australian scheme. In other words, we link our assistance to how much you emit, because it is about transitional assistance. Everybody does their bit and everybody faces the carbon price, but how much of it you face is adjusted, given the need to support employment and various industries through the transition. In Europe, I understand that assistance was not allocated by reference to output.

I would also make the point that it is a bit hard to answer because I think we are probably comparing apples and oranges. The European scheme has a much narrower coverage than the Australian scheme and there were also more significant regulatory mechanisms put in place in relation to the uncovered sectors. For example, Europe has more stringent fuel efficiency measures. So there are a range of other mechanisms which were utilised instead of the market mechanism, which was much narrower than the scheme before the parliament.

Senator EGGLESTON (Western Australia) (6.04 pm)—While the minister was talking to the advisers, I said I agreed with Senator Xenophon about the issue of price volatility and I said that that could have been avoided through the introduction of a carbon tax, which provides a very steady price for carbon. I asked whether or not the government had considered a carbon tax. I just ask you to comment on the issues of a carbon tax and of price volatility. Why did the government not go down that pathway, since it seems to be a much simpler sort of scheme to implement and it does provide price stability?

Senator WONG (South Australia—Minister for Climate Change and Water) (6.05 pm)—I note that your party, before the last election, did not and I read from the coalition government’s election policy ‘to establish an emissions trading scheme, not put in place a carbon tax’. I think I have made it clear on numerous times in this place why we believe this is a more efficient mechanism than a tax. If you want a certain environmental outcome then a cap-and-trade system provides you with more certainty because you can identify the cap. If you put in place a carbon tax you have to try and estimate how much of a tax, and on what sectors you would need to impose that amount of tax, in order to achieve that environmental outcome. It may give price certainty but it does not give an environmental certainty.

I also make the point that if anybody in this chamber believes that just because you have a carbon tax that is going to avoid all the difficult policy decisions that are made on how you move to a lower carbon economy, it will not; it will just manifest in different arguments. One of the issues has been how we treat the emissions-intensive trade-exposed sector. They have said to the government and to the opposition, ‘We would be facing a carbon price’—put, insert or interpolate the words ‘carbon tax’ for the purposes of this discussion, Senator Eggleston—’and we want assistance to meet that’. So there would still be the argument for assistance, exemption or some other form of relief from the same sectors of the economy with whom the government and opposi-
tion have been consulting about how you manage the introduction of such a tax.

The primary issue is that we believe that cap-and-trade systems, such as the one before the chamber and the one you committed to at the last election, are a more efficient mechanism because they encourage businesses to find their best way of reducing their emissions. It is not like the government is saying, ‘We in the government know best and we want you to do it this way’. We are saying: ‘We are going to put a price on carbon. That is a cost that reflects the cost of climate change but you can find a way of reducing that cost by becoming more efficient as you know best in your business’. We think a properly regulated and structured market mechanism is more efficient. If I may hazard a suggestion, that is also why major economies of the world, including the G8 economies, have said that these schemes have demonstrated their effectiveness and are a good way to implement the means to reduce emissions, particularly in developed economies.

Senator EGGLERSON (Western Australia) (6.08 pm)—With respect, though, there are very few emissions trading schemes working in the world; as we said, in the EU and New Zealand. The issue Senator Xenophon called attention to was the impact price volatility had, particularly for the sustainability or viability of renewable energy sources. I think that is a very important issue because we would like to go down the renewable pathway. While I agree that a carbon tax would have meant that emissions-intensive trade-exposed industries sought exemption, I just ask whether or not an implication of your rejection of the carbon tax option means that you are saying that renewable energy is not such an important issue.

Senator WONG (South Australia—Minister for Climate Change and Water) (6.09 pm)—That is a ridiculous proposition, Senator Eggleston. That does not flow from what I said; nor is it consistent with our policy, which has been to quadruple the amount of renewable energy in this country, including a $1.6 billion, I think it was, investment in solar flagships. I am happy to debate the issues but propositions such as that really have no merit.

Senator BARNETT (Tasmania) (6.09 pm)—I have a question related to these matters, and it relates to the total cost. I am advised that the CPRS will impose a $54 billion cost burden on Australian business in the first five years. In the first nine years the CPRS will raise at least $114 billion—a figure roughly equivalent to New Zealand’s GDP. On the government’s own MYEFO estimates, the CPRS will raise $5,422 for every single Australian in the period to 2020. It seems that that is a very high figure, on a per capita basis, compared with the EU and a very high figure compared with the US and most other countries that I am aware of. In fact, their costs on a per capita basis are a tiny fraction of that burden. It has been said that Australian firms will pay the highest carbon costs in the world. The tax take from the CPRS is much higher than those from other international schemes. So the question is: how is that justified? Could the minister please indicate the costs on a per capita basis for clarity purposes so that we know exactly where we stand?

The point that Senator Eggleston has made, and I think others have also, is: why do we do this in advance of our major trading partners? Why are we burdening our economy in advance of Copenhagen, rather than acting in parallel? Why are we not doing this in parallel, consistent with an international agreement? The fact is that there is a very heavy burden, as I have indicated from those figures, and the consequences are ob-
viously quite serious. Senator Macdonald indicated earlier the fact that Australian firms will start paying those billions of dollars from 1 July 2011—some 19 months away. What is wrong with waiting for Copenhagen and then having a few months to get our act together? I think that rushing Labor’s ETS is in fact the worst option not just for Australia but certainly for my home state of Tasmania.

These are the concerns that I have. Tasmanians will be paying a 16 per cent increase in power costs. The rest of the country will be paying more than 20 per cent, and there is a $1,100 cost per year per family. I have a range of questions around the impact on business and small business, but I wonder if the minister could address those two specific questions about the $5,428 for every Australian up to 2020 and comparing that to the costs in the US and the EU. Could those matters be addressed as a preliminary measure?

Senator Wong (South Australia—Minister for Climate Change and Water) (6.13 pm)—Senator McEwen said to me, ‘You’ve answered this question about 98 times,’ and she considered she might not have counted every time. Sorry if I verballed you, Senator McEwen. I am not sure I want to traverse again why we are going to act before Copenhagen. I do want to do the chamber the courtesy of responding, but I think I have answered that in response—

Senator Barnett—that’s fine. You can go to the specifics.

Senator Wong—Senator Boswell has asked that question. Senator Nash, Senator Williams, Senator Joyce, Senator Macdonald and I think Senator Back may have; I might be wrong on that. Other Liberal senators have. You have, Senator Parry—

Senator Parry—I haven’t.

Senator Wong—You haven’t? I am happy to have the discussion again, but I think I have placed on record very clearly in this chamber why the government’s view is that we should act and why we should pass this legislation. If senators do not agree with it, I do not think that me explaining the rationale over and over again is going to really assist the process.

The senator asked some questions about the impact of the scheme. I am not sure I can give per capita figures, because that is not really a sensible way of approaching it. Perhaps I can explain it this way. What the Treasury modelling showed with a scheme, frankly, that had less industry assistance than the scheme that is before the chamber—and this is excluding what climate change costs us; this is just what the effect of a carbon price would be—was that out to mid-century the effect would be this: we would grow by one-tenth of one per cent slower each year. So we would continue to grow jobs and the economy—I think 1.7 million additional jobs by 2020—but we would grow one-tenth of one per cent slower. In the context of the costs of climate change, most would agree one-tenth of one per cent slower is a reasonable contribution. That modelling did not include what the costs of climate change were to our economy, so it did not include the costs of inaction. That is the price. That is what we are asking the community to bear: growth one-tenth of one per cent slower.

In terms of the impact on CPI, I have put that on the public record before. It is about 1.1 per cent higher at the end of the second year of the scheme than it would have been before. That is the additional consumer price index increase. In relation to the assistance to families, the largest single share of the revenue will go to Australian families. Of Australia’s 8.8 million households 8.1 million will receive direct cash assistance to help adjust to the impact of a carbon price. That is about 90 per cent of all Australian households. Low-income Australians will be fully com-
pensated for the overall cost increase they face. About 2.6 million Australian households within the low-income bracket will receive assistance equivalent to about 120 per cent of the overall cost increase they face. All pensioners, seniors, carers and people with disabilities will be fully compensated for the overall cost increase they face. About 3.6 million middle-income households will receive some form of direct cash assistance. About half of that number, about 1.7 million middle-income households, will be fully compensated for the overall cost increase flowing from the scheme.

I am happy to continue to provide this information. The chamber is in fact discussing Senator Milne’s amendments in relation to a different method of allocating EITE support. I have indicated the government’s position. We are not proposing to support that. I wonder if it would be possible for us to perhaps bring this discussion on Senator Milne’s amendments to a conclusion.

**Senator Barnett (Tasmania) (6.17 pm)**—I appreciate the minister’s efforts to respond to that. I do not think she responded specifically to my questions in terms of the per capita basis. Minister, you indicated that you were not able to take that question on board, even on notice. I am disappointed about that. I know that Senator Milne has amendments before the chair—and she is being patient—but there are a lot of questions that need to be asked. You raised the impact of the CPRS on growth. In terms of the CPRS, do you agree with a report prepared by the Minerals Council of Australia that said the government’s ETS will reduce forecast employment in Australia’s minerals sector by an estimated 23,510 by 2020 and 66,400 by 2030? The Tasmanian minerals industry is projected to lose 1,050 jobs by 2020 and 2,500 jobs by 2030 under this scheme. Do you agree with that or not?

Secondly and finally, before referring back to Senator Milne—and I may have missed it earlier—I want to ask about the government’s release of its latest projections of Australia’s CO2 emissions and the impact of a CPRS. Have we got the latest figures for the CO2 emissions in terms of forward estimates and in terms of the forecasts between now and 2020 and now and 2050? That would be appreciated and would help inform us. In terms of Tasmania, what is important is that we have undergone a greater transition to renewable and low-carbon energy sources than any other state or territory in Australia over the last decade, certainly during the 1990s. I noticed that according to the TCCI chief economist, Richard Dowling, Tasmania is getting no reward for the advances it has already made on climate change. According to him—and I agree with him entirely:

Tasmania reduced its carbon emission levels by 30 per cent in the 1990s, but this is not acknowledged under the current ETS.

It is my view that that is correct. I would like the minister’s response to that. From a Tassie perspective, we are a renewable energy state, and I would like to know whether we are going to gain any benefit whatsoever under this scheme as a result of the hard work, the good innovative approach and the efforts towards building a renewable energy future. How, from Tasmania’s perspective, are we going to benefit? What we do know is that we will be paying a 16 per cent increase in power costs, while the rest of Australia is paying over 20 per cent—but that is cold comfort.

**Senator Wong (South Australia—Minister for Climate Change and Water) (6.21 pm)**—I am not sure what the senator would like me to do. I gave him figures, I think, on Friday—it might have been Thursday—on Tasmania. My recollection is that we indicated that because of the particular energy profile in Tasmania we would antici-
pate a lower price impact. In fact, I think you are using the figures from the answer I gave you, Senator. However, the household assistance will still flow to Tasmanian families and Tasmanian households at the same rate.

Senator BARNETT (Tasmania) (6.21 pm)—Have you got the forecast figures for the CO2 emissions into the future, Minister? If you have those, that would be good.

Senator WONG (South Australia—Minister for Climate Change and Water) (6.21 pm)—I am advised that we have publicly released some interim projections—they are on the website—and that the next time there will be a public release will be the national communication, which is due by 1 January.

The CHAIRMAN—I will be putting the second part of this group of amendments immediately after we have dealt with the first part. The question is that Australian Greens amendments (5), (9), (17) and (18), (21) and (22), (26) and (27), (31) and (32), (57) and (61) on sheet 5786 be agreed to.

Question put:

That the amendments (Senator Milne’s) be agreed to.

The committee divided. [6.27 pm]

(Chairman—Senator the Hon. AB Ferguson)

Ayes......... 5
Noes......... 49
Majority......... 44

AYES
Brown, B.J. Hanson-Young, S.C.
Ladlam, S. Milne, C.
Siewert, R. *

NOES
Adams, J. * Arbib, M.V.
Back, C.J. Barnett, G.
Bernardi, C. Bilyk, C.L.
Bishop, T.M. Boswell, R.L.D.
Brown, C.L. Bushby, D.C.

Cameron, D.N. Carr, K.J.
Cash, M.C. Collins, J.
Conroy, S.M. Cooman, H.L.
Cormann, M.H.P. Crossin, P.M.
Eggleston, A. Farrell, D.E.
Feeney, D. Ferguson, A.B.
Fielding, S. Fifield, M.P.
Fisher, M.J. Forshaw, M.G.
Furner, M.L. Hogg, J.J.
Hurley, A. Hutchins, S.P.
Lundy, K.A. Macdonald, I.
Marshall, G. McEwen, A.
McLucas, J.E. Minchin, N.H.
Moore, C. Nash, F.
O’Brien, K.W.K. Parry, S.
Polley, H. Pratt, L.C.
Ryan, S.M. Sherry, N.J.
Stephens, U. Sterle, G.
Wong, P. Wortley, D.
Xenophon, N. * denotes teller

Question negatived.

The CHAIRMAN—I will now put the second part of that group of amendments, Australian Greens amendments (25), (33) and (54) on sheet 5786. The question is that the clauses stand as printed.

Question agreed to.

Sitting suspended from 6.30 pm to 7.30 pm

Senator MILNE (Tasmania) (7.30 pm)—by leave—I move amendments (8), (35) and (36) on sheet 5786 together:

(8) Clause 5, page 16 (after line 19), after the definition of generation unit, insert:

Gold Standard certified has the meaning given by subsection 145A(3).

(35) Clause 144, page 190 (after line 7), after the first dot point, insert:

- There are restrictions on the registration of certain emissions units in the Registry.

(36) Page 191 (after line 18), after clause 145, insert;

145A Restrictions on registration of certain emissions units in the Registry
(1) The Authority must ensure that, of the total of all Australian emissions units, Kyoto units and non-Kyoto international emissions units registered in the Registry, no more than 20% cumulatively are:

(a) certified emission reductions (including temporary certified emission reductions and long-term certified emission reductions) generated by projects in countries classified as “least developed” by the United Nations; and

(b) emission reduction units; and

(c) any other type of eligible international emissions unit prescribed for the purpose of this section.

(2) The Authority must not register in the Registry any certified emission reductions (including temporary certified emission reductions and long-term certified emission reductions) and emission reduction units which are not Gold Standard certified.

(3) For the purposes of this Act, Gold Standard certified means certification by the Gold Standard Foundation in accordance with the Gold Standard methodology for carbon offset project development.

For the benefit of those who are unaware of the specifics, these amendments go to whether or not there should be a restriction on the number of overseas payments that can be bought and used in Australia. The government’s scheme as it stands allows for the unlimited purchase of overseas permits, and we seek to amend this to restrict the purchase of overseas permits to 20 per cent. I will go into it in a bit more detail. The Greens are saying that there are two things that the Carbon Pollution Reduction Scheme has to do: one is to reduce the amount of carbon going into the atmosphere—in other words, reduce emissions—and the other is to transform the Australian economy. The proposition is to transform the economy away from a high-carbon economy to a low-carbon, and then ultimately zero-carbon, economy. From the Greens’ perspective, for this scheme to be a success it has to do both of those things.

On the first proposition of reducing emissions it does not matter where in the world emissions are reduced so long as emissions are reduced, and so that is the proposition, I assume, that the government puts: that if you have a carbon pollution reduction permit worth a certain amount of carbon then it is transferable around the world and you are removing that much carbon from the atmosphere. That is a true proposition if all the carbon pollution reduction permits are actually valid and measurable and truly additional and so on. It is a little bit difficult to know where REDD is going to go and there is really quite a genuine concern that the permits are not all of the same validity, as it currently stands, in being able to be sure that they genuinely represent a reduction in carbon. That is my first point.

That is why the Greens amendments also make it very clear that the overseas permits we would allow for the Australian system should be of a gold standard. The gold standard means certification by the Gold Standard Foundation in accordance with the gold standard methodology for carbon offset project development. That gold standard is the world’s only independent standard for creating high-quality emission reduction projects in the Clean Development Mechanism and Joint Implementation and voluntary carbon market. It was designed to ensure that carbon credits are not only real and verifiable but that they make measurable contributions to sustainable development worldwide. The objective of the gold standard is to add a branding label to existing and new carbon credits generated by projects which can then be bought and traded by countries that have a binding legal commitment according to the
Kyoto protocol. Our proposition is that the overseas permits that we would allow from the Clean Development Mechanism and JI would meet the gold standard.

The second proposition is in relation to the transformation of Australian industry, and that is one of the compelling reasons why we would want to restrict the number of imported permits. We have also said, however, that the permits that come from overseas ought to be coming from the least developed countries. So the only acceptable permits will be those generated by CDM projects in countries classified as least developed by the UN. In that way we make sure that those overseas permits we do buy come from the least developed countries and that therefore the transfer of income goes to those countries which need it the most. It is a happy coincidence that many of those least developed countries are in our region.

The second reason, in terms of the transformation of the Australian economy, is that we have to ensure that we transform our industries. We cannot just let them buy overseas permits and allow them to continue to do so. They need to transform themselves in the context of a low-carbon or zero-carbon economy, and there is a real risk that that will not occur unless we put a restriction on the amount of permits that can be purchased offshore.

We hope this explains to the chamber exactly what is being proposed here in terms of an amendment: that there is a 20 per cent restriction on permits from overseas; that those permits that are permitted in the 20 per cent are to be gold standard; that they come from the least developed countries; and that the rest of the effort has to be made within Australia.

Senator Abetz—I have some general questions—

Senator WONG (South Australia—Minister for Climate Change and Water) (7.37 pm)—Senator Abetz tells me he has more general questions. We have had a lot of general questions, Senator Abetz.

The TEMPORARY CHAIRMAN (Senator Crossin)—The minister has the call.

Senator WONG—As you anticipated, Senator Milne, the government is not supporting this amendment. Under the government’s scheme, there is a regulation-making power in proposed section 129(7) of the primary bill which enables a regulation-making power to be made outlining what can be surrendered—that is, what international permits can be used domestically. I think you and I have had this discussion before, Senator, but I make this point: we do absolutely believe that part of the plan that will enable the globe to meet this challenge of climate change is to have a properly functioning global carbon market. What does that mean? It means that we get the right market incentive for private sector firms to invest in abatement and we enable that to occur wherever that abatement can be found in the world, because this is a global problem.

If there is a concern about the international CERs—certified emissions reductions—then the international community should have to deal with that. That is an issue of quality, and we are absolutely of the view that these international units must be credible, measurable, reportable and verifiable. We are working closely with Indonesia, for example, on the reducing emissions from deforestation and forest degradation aspect of the Bali roadmap—known as REDD. We have made, I think, two joint submissions—I could be wrong, but my recollection is two—with Indonesia to the international negotiations. So we are serious about working with a developing country on our doorstep to put
in place the mechanisms and the systems that ensure that emissions reductions from these activities are ones in which the world can have confidence.

The government disagrees with the Greens on asserting that once that threshold is met there should be some additional requirements placed on the trade in international permits. My view is very simple: if, through this policy, we can give Australian firms an incentive to reduce emissions in developing countries then I think that that is a good thing. We need to ensure that those investments are in relation to emission reductions which are real, transparent and verifiable. But I think that is a good thing because we have to change the market failure that has caused climate change—where people have had an incentive to pollute. Instead we need an incentive to reduce emissions. We are strongly of the view that this is a sensible way forward and we do not support the amendments.

Senator ABETZ (Tasmania) (7.41 pm)—As I indicated both to Senator Milne and, just before, to the minister, I have some general questions. That is why I thought it appropriate to try to bring them up at the beginning of a new, fresh amendment and not intervene in amendments that have been discussed at some length. The first in my series of questions relates to the government’s future planning in relation to the size of Australia’s population. Mr Rudd has this grand vision of 35 million people. Given that we have an emissions cap and we intend, in general terms, to increase our population by 50 per cent over the next couple of decades, that must surely come with a huge impact on the amount of emissions from our country. So I am just wondering whether the policy that was put to Treasury—as part of all the modelling that we had provided to us—was that we were dealing with a potential population of, as I understand it, 35 million people by the year 2050.

The TEMPORARY CHAIRMAN (Senator Crossin)—Just before you speak, Senator Wong, I am just going to advise Senator Abetz that it is my call as chair that, if he is not asking questions about the amendments Senator Milne has moved, we will move Senator Milne’s amendments and then I will go back to him for general questions about the bill. We might deal with these; I will get the minister to answer your question, Senator Abetz.

Senator ABETZ (Tasmania) (7.43 pm)—If I may briefly intervene, to me that makes eminent good sense, and that is why I was seeking the call before the amendment was moved. I am happy to vacate the space for the time being, allow this amendment to be dealt with and then come back into the debate before the next amendment is moved. I am more than happy to facilitate that. Officially, I indicate on behalf of the opposition that we will not be supporting this tranche of Greens amendments.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.43 pm)—If I may answer Senator Abetz’s questions, it may make this a little easier to progress. Yes, we did assume population growth in the Treasury modelling and the advice I have is that the assumption was of some 33 million. So the Treasury modelling which shows the impact of the continued growth in the Australian economy and the continued growth in the number of jobs did assume that.

I will make a brief comment about population. I assume that the senator, from his previous comments, does support the previous government’s and the current government’s policies—for example, to help families and parents in terms of the assistance for mothers on the birth of a child and in relation
to family tax laws. So I assume he is not making reference to those issues.

Senator Abetz—I am just asking a question—

Senator WONG—I am just trying to work through these. In terms of immigration issues, which I think were referenced, I would make the point that given that this is a global challenge, as Mr Turnbull said on Q&A, if people are elsewhere in the world they will also be contributing to greenhouse gas emissions. The fact that they are in Australia or not in Australia does not alter the fact that they will continue to have a carbon footprint no matter where they are in the world.

Senator Abetz—Will we have a national cap?

Senator WONG—Well, if you pass this bill we may. I am asked if we will have a national cap. I think it is important when we discuss issues of sustainability to be very clear about this: we are one of the highest per capita emitters in the world, if not the highest; therefore, reducing our per capita emissions would enable us to continue to grow our economy and our population without necessarily growing our emissions or growing them along the same trajectory as they have been growing.

In relation to the Treasury modelling, again, I am advised that the modelling did project an increase in population out to mid-century.

Senator WILLIAMS (New South Wales) (7.46 pm)—Before asking a question of Senator Milne, I want to make a point about what the minister, Senator Wong, said about Australia being one of the highest emitters per capita. Of course we are. Remember our days at school in physics class, where we learned that V equals IR. Look at how far we transport electricity across Australia. It is a big country. If we transported electricity in Europe along power lines as long as power lines in Australia, we would go through six or seven countries. Because we have to transport electricity so far, including to places in the centre of Australia—whether it be White Cliffs, Wilcannia or elsewhere—we have strong generators.

The Greens amendments would restrict our purchase of foreign permits to 20 per cent. Everyone around here knows my opinion on this whole emissions trading scheme. I am very much against it. But what concerns me is, if the legislation goes through, if the emitters in Australia cannot reduce their emissions enough or cannot get enough credits here or overseas, how much of Australia will be planted down to trees. I raise that concern because we need agricultural land to produce food, especially with the proposed increase in population, which Senator Abetz referred to. If Australia’s population is going to go to 35 million, surely they cannot eat bark and branches for food.

I find it very concerning that, if the scheme goes ahead, more of Australia’s agricultural land will be planted down to trees. The Kyoto agreement does not recognise soil carbon, which is probably one of the best ways to store carbon. It is a win-win situation—the more carbon in the soil, the better the soil is and the more food produced. So my question to Senator Milne is: if Australia cannot reduce those emissions and we are limited in our permits, has she any idea how much of Australia’s agricultural land will be planted down to trees to, obviously, produce the credits required?

Senator MILNE (Tasmania) (7.48 pm)—As the last speaker, Senator Williams, is very well aware, I have strenuously opposed carbon sink forests for a number of the reasons that the senator himself acknowledged. That is essentially because I think the issue of green carbon needs to be looked at holisti-
ally in the context of food security, water security, biodiversity and resilience in rural communities. I do not believe the way that it is being dealt with now is going to lead to a process that does not have perverse outcomes. We saw perverse outcomes from managed investment schemes, and I do not want to see them again.

In terms of the transformation which I spoke about, if you allow companies to buy unlimited permits from overseas—especially if they can get cheaper permits overseas than here in Australia—they will do that, and that removes any pressure on them to transform what they do here. That is my main focus here. In terms of carbon in the atmosphere, providing they are verifiable credits then in theory they are the same. So the atmosphere will not change as a result of this but the issue of transformation in Australia will, and this is where my great concern with this scheme lies—that it will not drive the transformation away from the heavy, fossil-fuel-intensive emissions to smarter, cleaner technologies or new jobs in manufacturing. We are talking about new technologies and new jobs, and that is why I want to make sure that we have that drive for investment here.

I will come to this when we talk about compensation for the coal fired sector shortly. We now have a system where the coal fired generators have an agreement with the government and the coalition that they will keep on producing the same amount of power out to 2020 and that in effect they can, if they want, buy overseas permits, bank them and do as they like until that time. There is no pressure on them to change. In fact, there is more pressure on them under the compensation agreements to keep going with old and antiquated plants, so ultimately it could lead to being completely uncompetitive in a global environment if other people make the transformation and we do not. The clever new technologies are where the money, the intellectual property, the jobs and the manufacturing are. It has been my experience in politics that giving more to industry to allow them to carry on with business as usual and not invest in upgrading ultimately means they close down and go elsewhere with complete dislocation. That has happened endlessly in the Tasmanian context, and I am sure it is the same if you look nationally. The best way to keep industries in Australia is to require them to innovate and upgrade—to invest in their plants—so that they cannot just walk away.

Senator XENOPHON (South Australia) (7.51 pm)—I indicate that I will not support the Greens amendment, because I think it is important that there be tradability in any scheme. If it is part of a global solution, we need to have international permits—although Senator Milne is absolutely right: they must be clearly verifiable. She is seeking a higher standard, although I note that the minister has indicated that part of any international agreement requires that verifiability.

My question to the minister arising out of this amendment is this. The minister stressed earlier the importance of certainty of emissions due to a domestic cap; however, does international trading of permits not mean that there can be no certainty over domestic emissions? I am not criticising that, but can the minister verify that? Can the minister confirm that the government will accept the global carbon price determined in international markets and that the domestic cap will not set prices and will not tightly constrain domestic emissions?

Senator WONG (South Australia—Minister for Climate Change and Water) (7.53 pm)—What the scheme will ensure is that Australia’s contribution to climate change lessens. Rather than the situation that occurs now, where Australia’s contribution is worsening, we will be reducing that contri-
bution. It is the case—and we have been absolutely clear about this—that we want a scheme that is open and where we can trade on world markets. What I have indicated is that our modelling suggests that the majority of abatement effort will still occur domestically. I have previously indicated that the analysis by the department suggests that, if the scheme is passed, domestic emissions are most likely to peak around or before 2012-13 and then be stable or fall to 2020.

But let us remember the context: domestic emissions would rise—even with the renewable energy target—to 120 per cent of 2000 levels by 2020 in the absence of this scheme being passed. So we are on a trajectory that is going up. This scheme will ensure that we reduce our emissions domestically but also—and, as I said, we make no apology for this—that Australian firms contribute to reducing emissions worldwide. Given this is a global issue, we think that is a sensible way forward.

**Senator XENOPHON** (South Australia) (7.55 pm)—I thank the minister for her answer, but can she confirm that, because we have an international trade in permits—which I do not have an issue with—there can be no absolute certainty over domestic emissions?

**Senator WONG** (South Australia—Minister for Climate Change and Water) (7.55 pm)—Senator, I do not want to trade retorts with you but—

**Senator Xenophon**—I would never do that.

**Senator WONG**—Maybe on a couple of things, Senator Xenophon. A similar problem occurs with a scheme you were advocating—in fact, to a greater level. From my recollection, a greater level of international importation is assumed under the Frontier model. I have given you my answer about our view about domestic emissions and the rationale for that. I failed to answer one aspect, which was the international carbon price. It is the case that, if you have a scheme where you are able to trade in the way that the Australian scheme has been designed to do, you are looking at a situation where the Australian carbon price is likely to be equivalent to the international carbon price. Again, I think that is quite reasonable. We want a situation where there is increasingly a global carbon price and an increasing number of global carbon markets, where the private sector can invest in abatement.

**Senator XENOPHON** (South Australia) (7.56 pm)—I made it clear that I do not have a problem with international tradability and I acknowledge that the Frontier model can and does involve buying more permits. It is a question of the robustness of those permits, and I think we are at one—including Senator Milne. Does that mean that, because Australia will accept the global carbon price for international markets, whatever we do in Australia will not necessarily have much of an impact on the international price of carbon in terms of that international trade—that it will be negligible in the scheme of things?

**Senator WONG** (South Australia—Minister for Climate Change and Water) (7.57 pm)—I think there are a whole range of things which would impact on the carbon price. The first and most obvious one is the extent of reductions that the world commits to. That will be the primary driver of the carbon price—how much and how deeply the world agrees to reduce its emissions and over what period of time. So, obviously, Australia’s engagement is relevant to that, which is probably the key determinant of price.

**Senator XENOPHON** (South Australia) (7.57 pm)—I do not take issue with that, but I want a confirmation that, whatever domestic cap we have—and it is desirable, obviously to reduce emissions domestically—that
will not actually make an appreciable difference in the international price of carbon, given the nature of the global scheme.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.58 pm)—I am not sure I can add to what I have said, Senator. The global price of carbon will respond to a whole range of decisions that the global community makes, including how much the world reduces by and how much private sector investment there is. There are a whole range of things which affect that carbon price. Obviously Australia’s involvement in an international agreement would be one of the things that affects the carbon price. But, no, we will not determine the global carbon price—just as we do not determine the price of a whole range of commodities traded on world markets.

Senator MILNE (Tasmania) (7.59 pm)—Further to that point, I note the government’s opposition to restricting the import of permits, and I am interested to know why—and this goes to a later amendment, which I will not discuss later if we can talk about it now because it is more logical—the government is restricting the number of permits that can be sold overseas and opposing the export of permits if it is so keen to have 100 per cent import of permits, potentially?

Senator WONG (South Australia—Minister for Climate Change and Water) (7.59 pm)—That is intended as a short-term measure. It was first announced in the white paper, I think—possibly suggested in the green paper—that we would not allow exports in the initial years of the scheme. We do think that, over time, the ability to export emissions units is desirable, but, in the short term as a transitional measure at the commencement of the scheme, we believe that it is sensible not to allow exports. It would add complexity to the scheme in the early years.

Senator MILNE (Tasmania) (8.00 pm)—Yes, I know that is the case. I asked why—what is the rationale for it?

Senator WONG (South Australia—Minister for Climate Change and Water) (8.00 pm)—I think I have said that it is a transitional measure. We believe that allowing exports could lead to upward pressure on the domestic price. It could add complexity to the scheme. We believe that, in the early years, it is desirable to have a simpler scheme and a scheme where price volatility, including upward pressure on price, is managed. That is the reason for these transitional measures.

The TEMPORARY CHAIRMAN (Senator Crossin)—The question is that amendments (8), (35) and (36) on sheet 5786, moved by Senator Milne, be agreed to.

Question put.

The committee divided. [8.05 pm]

(The Chairman—Senator the Hon. AB Ferguson)

Ayes........... 5
Noes........... 47
Majority....... 42

AYES

Brown, B.J. Hanson-Young, S.C.
Ludlam, S. Milne, C.
Siewert, R. *

NOES

Abetz, E. Arbib, M.V.
Back, C.J. Barnett, G.
Bilyk, C.L. Bishop, T.M.
Boswell, R.L.D. Brown, C.L.
Cameron, D.N. Carr, K.J.
Colbeck, R. Collins, J.
Conroy, S.M. Crossin, P.M.
Eggleston, A. Evans, C.V.
Farrell, D.E. Faulkner, J.P.
Feeney, D. Ferguson, A.B.
Fielding, S. Fisher, M.J.
Forshaw, M.G. Furner, M.L.
Hogg, J.J. Hurley, A.
Senator ABETZ (Tasmania) (8.08 pm)—Senator Wong and I had a very brief discussion earlier about the projected growth of Australia’s population, and I think she indicated to us that the Treasury modelling had suggested an Australian population of 33 million by 2050—was that it?

Senator WONG (South Australia—Minister for Climate Change and Water) (8.09 pm)—What I indicated was that the modelling released last year—that is, the Low Pollution Future modelling—had, as one of its assumptions, population growth to 33 million. I recall that subsequent numbers have been released, but these were the assumptions under which the modelling last year was undertaken.

Senator Milne, I have one correction to an answer I gave you that I thought I should put on the record. I made reference to section 29(7), which I said could allow certain units to come into Australia. It is actually phrased in the reverse—that is, it gives the discretion to prohibit. I thought I should clarify that.

Senator ABETZ (Tasmania) (8.10 pm)—I have a number of questions; they will be relatively brief. So the official modelling was done on a population of 33 million. I understand the official projection is now 35 million. I would have thought an increase of two million would be of some significance. I would be interested if the minister could advise us as to whether that figure has been revised up—and, if so, what impact that would have on the modelling.

Secondly, does the government then agree with the Labor MP from Victoria who argues that we need to stabilise Australia’s population at 26 million by 2050 to avoid ‘environmental disaster’?

Senator WONG (South Australia—Minister for Climate Change and Water) (8.11 pm)—The comments that you allude to are not an articulation of government policy.

Senator ABETZ (Tasmania) (8.11 pm)—In other words, Mr Thomson has been discarded. I accept that. But I then ask: what financial and other impacts will a projected increase in our population to 35 million as opposed to 33 million mean in relation to the modelling done and to the figures? In very rough terms that would be an eight-or-so per cent increase. Somebody might be able to do the maths for me, but two million extra people is a fairly significant figure. I would be interested in how the government intends to calculate for that in the scheme.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.12 pm)—The modelling released in October last year—so that is over a year ago—which was the largest modelling exercise the Australian government has undertaken, had a whole range of assumptions driving it. Those assumptions included action around the rest of the world, technology—there were quite a number of assumptions. The key and central finding of that is that we can reduce our emissions and continue to grow our economy. The alteration in the order you refer to is of course a mid-century projection; we are not talking two million more people by next year. The question of how fast we grow and when we will hit a certain population figure—whether that is by 2050 or later—does not, in the government’s view, change that
central proposition. The key issue in that modelling is that we can grow the Australian economy, we can continue to increase the number of jobs in Australia and we can still reduce emissions.

Senator ABETZ (Tasmania) (8.13 pm)—I will not labour the point, but I think it is another example of the government not being willing to engage on the specifics of this proposal. We are told that this is the most extensive modelling ever undertaken, and that we should rely on it, yet within a matter of 12 months the official figure for our population has blown out from 33 million to 35 million—and that is just to be discarded and ignored as being of no consequence. If the modelling was so good, how did they get it so wrong, by miscalculating Australia’s official population projection by a factor of two million people? That is, in anybody’s language, a pretty significant figure. But I accept that the folded arms and the look on the minister’s face indicate that we will not get a response to that, so we will move on.

I ask the minister, given that cooperative federalism has broken out, whether the New South Wales government has shared with the federal Labor government the results of its review in relation to electricity prices, which has found that about 50 per cent of the projected increase in power prices for the state of New South Wales will be directly related to the CPRS?

Senator WONG (South Australia—Minister for Climate Change and Water) (8.15 pm)—The government’s estimates of price increases have been traversed on a number of occasions in the chamber. We have said that for the first year of the scheme we estimate the increase in retail electricity prices would be about $4 per week. That is being dealt with by way of the assistance that we have also spoken about at great length in this chamber. Of 8.8 million Australian households some 90 per cent, or 8.1 million Australian households, will receive some direct cash assistance under the CPRS.

Senator ABETZ (Tasmania) (8.16 pm)—With great respect, Minister, I understand the modelling that was undertaken. But we have already heard from you that modelling was undertaken on the basis of an Australian population of 33 million, which has now blown out within 12 months to 35 million. I would have thought if you are confronted with a new and fresh study—as we have now received courtesy of the Daily Telegraph, suggesting that electricity prices in New South Wales will soar by a staggering 60 per cent over the next three years and that 50 per cent of that 60 per cent increase is in fact due to the CPRS—it is no good, with great respect, just saying what your original modelling told you. I want to know why this particular modelling, why this particular study, is wrong.

You have already admitted that the population figure is wrong. I would be very interested to know why this New South Wales Labor government report—let us be quite clear on this: a state Labor government report—has come to this finding. It would be great if their findings were wrong but I think the people of Australia, particularly in New South Wales, are entitled to know the rationale for why this is wrong. I do not think they will have much faith in just a glib answer, given that it is now on the record that the modelling in relation to Australia’s population within 12 months has already blown out by two million. If we were to model that error out until 2050, I daresay we would have a very big population by 2050. Let us not rely
on modelling that was done in the past. Let us just deal with the study undertaken not by some coalition but by the New South Wales Labor government. Tell us why it is wrong.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.19 pm)—Perhaps I was not clear with the senator that the error he seeks to hang his hat on in terms of this very interesting sequence of non sequiturs is simply a revision in Treasury forecasts about when we will reach a certain population. We are talking about projections of population some four decades away. The difference between reaching 35 million at 2050 or 35 million some years later is, in terms of demographic modelling, not the sort of issue he is trying to make it. But that is as he may wish to proceed. I cannot comment on a report about a draft report from Frontier Economics to an independent body that is not a statutory authority of the Commonwealth or on a report that is not provided to me. I cannot comment on the status of the report, other than to say that public reports are that it is a draft report to IPART. I have again reiterated what our view is as to the increase in electricity prices.

Senator ABETZ (Tasmania) (8.20 pm)—I indicate to the chamber that, if I may, I will just stick to these issues for a short while. If Senator Xenophon has something particular on this—

The TEMPORARY CHAIRMAN (Senator Crossin)—I am chairing this committee. You have the call. I will call the others if they stand.

Senator ABETZ—Thank you, Temporary Chairman, I think it adds to the convenience of all senators if one senator has a bracket of questions that they can deal with them and move on. Of course I accept that you are in the chair. Can I then ask if it is a matter of no consequence what made the Australian government change the parameter of the population growth from 33 million to 35 million in just 12 months? How can we be sure that that figure is going to be reliable and that in 12 months time the minister will not be back in this place saying ‘Oopsy, it’s now going to be 37 million or 39 million.’ This throws out all the figures, all the calculations and all the bases on which this ETS has been modelled and presented to the Australian people. I would be very interested if the minister could advise us as to the reason for that.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.22 pm)—I will try and take that on notice because I do not have officials here. This is a Treasury modelling issue. We have done reasonably well in terms of answering questions about the October 2008 report. You are asking questions that are about a figure that has subsequently become public. I can take on notice how that figure was derived, but I do not have that information at this point.

Senator XENOPHON (South Australia) (8.22 pm)—In relation to the matters raised by Senator Abetz I think Senator Abetz owes an apology to IPART. The Independent Pricing and Regulatory Tribunal in New South Wales is a distinct authority. The tribunal members are Dr Michael Keating, Mr James Cox and Ms Sibylle Krieger. The process with IPART is to set prices for things such as electricity in New South Wales. As I understand the process in New South Wales given its regulatory role, IPART issued an electricity issues paper in July 2009 titled Review of regulated retail tariffs and charges for electricity 2010 -2013. The media reports in the Financial Review and also in the Daily Telegraph today indicate that power bills could go up in the region of 60 per cent but, to be absolutely fair, half of that price increase is attributed to network charges; the other 30 per cent is attributed according to this report to the CPRS.
Senator Abetz—Yes, I said that.

Senator XENOPHON—Sorry. To clarify in terms of what the minister said my understanding of the way that IPART actually works is that it does not release a draft determination lightly although it has not been publicly released. The media reports relate to their draft determination, which is what the New South Wales government tried to shove to one side. My understanding is very clearly this: the draft determination and the final determinations rarely change apart from perhaps some minor amendments. The draft determination is not reached unless there has been extensive consultation with consumers, industry and all the key stakeholders. If these reports are correct, that is indeed very sobering.

As I understand it, media reports out of the Sydney news tonight indicate that the New South Wales government is saying that, if prices rise more than first anticipated, the Commonwealth will have to pick up the tab for that. That is something that concerns me. Minister, given that Senator Abetz has raised these issues, I am happy to ask these questions in the context of amendments I will be moving on an alternative intensity based scheme, but I will put them on notice now. Can the minister confirm that the government’s estimate was a seven to 12 per cent increase in electricity prices? This seems to be nearly three times, up to over four times, that amount. If IPART is correct and prices do rise to the extent indicated, will the level of compensation still cover consumers as planned? If IPART is correct, won’t that mean a very substantial blow-out in the budget outlook, given the level of compensation?

The TEMPORARY CHAIRMAN (Senator Crossin)—Those questions are to be dealt with when you move your amendments?

Senator XENOPHON—I am in the hands of the minister—whatever she prefers, either now or later.

The TEMPORARY CHAIRMAN—My understanding as chair is that you have indicated that you would give the minister notice of those questions in the context of amendments you are going to move later.

Senator XENOPHON—Perhaps I did not make it clear enough. I am giving the minister the option as to whether she wishes to answer them now or later. That may not be an option that Senator Abetz wishes to give the minister, but as a courtesy to the minister I am happy for them to be answered either now or later. But I want to make the point again that IPART does not make even draft determinations lightly, given the very extensive processes it goes into before a draft determination is made.

Senator ABETZ (Tasmania) (8.26 pm)—It does not worry me when the answers are provided, but one of the problems with the committee stage and with this whole process is you are given an answer that you then have to take at face value before moving on to a vote. That is why I am trying to explore this a bit earlier—to see what the responses are.

In relation to IPART, Senator Xenophon is right and I should have chosen my words more carefully. But there is no doubt it was an IPART report that was given to the state Labor government. Surprise, surprise—this secret report has found its way into the media. We have a choice: IPART leaked it or the New South Wales state government leaked it. That is basically the choice, and do you know who I am putting my money on? The state Labor government, because they are concerned about the higher prices, and that is why I made the reference that I did to the state Labor government. But technically Senator Xenophon is right. IPART commis-
sioned it but it was then passed to state Labor and—surprise, surprise!—in that process somehow it got leaked. I do not know how that would have occurred, but I am going to give the benefit of the doubt to IPART that they did not. But now that it is out in the public arena, I would have thought the federal government would say: ‘This is a matter of interest. This is coming to a different conclusion to our original modelling’—

Senator Williams—Totally different.

Senator ABETZ—Totally different—you are right. And therefore it makes good sense to consider whether the government’s initial modelling is wrong or whether the IPART consideration is wrong. Clearly the two cannot co-exist. One or the other is wrong and I would have thought the people of Australia, and in particular the people of New South Wales, who I understand are facing power bill increases of some 21 per cent on 1 July this year—

Senator Williams—July first, 21 per cent.

Senator ABETZ—So they have some very real interest in obtaining an answer to this question and I would be interested to see if the federal government has even bothered to start making inquiries to ascertain whether or not there is any basis to this report, which has clearly been deliberately leaked by the state Labor government because they are starting to panic about the consequences of this scheme. Interesting, isn’t it? Who had a state government report about the cost to power stations? We cannot actually see the report, but the details have found their way into the media. It would not have been the Victorian state government, would it, by any chance—another Labor state government?

Senator Hurley—This is all very interesting, but are we going to get back to the CPRS at any stage?

Senator ABETZ—Isn’t this a terrible display of ignorance? Power prices for every man, woman and child and every household in this country will be impacted by the CPRS. There is no doubt about that. When I ask about how high those power prices will go, a hapless Labor senator interjects and says, ‘Can we get back to the CPRS?’ Well, hello! Mr and Mrs Australian citizen and their children are genuinely concerned about the power prices. Labor might dismiss it, and undoubtedly a senator on a good salary can be dismissive of an increase in the cost of living of about $1,000 per annum, but there are many, many Australians who cannot.

Senator Wong—Madam Temporary Chairman, I rise on a point of order. The senator is imputing motive and intention which was not there. He may make an argument but I would ask him to withdraw that comment. The senator made an interjection. That may not have been an appropriate thing to do, but that she interjected to try to get the senator opposite to be relevant is not to suggest that she is dismissive of the interests of working families, which seems to be the proposition.

The TEMPORARY CHAIRMAN—There is no point of order. Senator Abetz, you have been given the liberty of asking some general questions. If you have questions, let us get back to the questions; otherwise, we will move to the next set of amendments.

Senator ABETZ—I do have some general questions. I would like to know whether or not the federal government has asked Treasury or anybody else to have a look at this report to see if there is any basis for truth in it. It is clearly in the hands of the New South Wales state Labor government. Therefore, one would imagine it may be able to be shared, even on a confidential basis, with the federal government to let the Australian people know whether that IPART report can be relied upon.
Senator WONG (South Australia—Minister for Climate Change and Water) (8.32 pm)—Senator, there are a couple of things. One is that you made some assertions about questions being asked and not being answered or you not liking the answers. I have been in this chamber now for some 23 hours on committee debate. That is fine. I am happy to stay here until this finishes. When Work Choices was debated—which I recall as a very long debate, although it was guillotined by you, Senator—the committee debate went for 15 hours. We have gone eight hours of debate beyond the discussion of Work Choices. Let us just keep this in perspective when those on the other side assert that this government is not willing to go through a committee process.

Senator WONG—I am being about as relevant as you were, Senator Abetz. I again make the point: Work Choices, a dramatic policy introduced by the Howard government, had eight hours less committee debate in total than where we are up to now. So, Senator Abetz, do not come in here and lecture me and other Labor senators about participating in this committee debate and answering questions, because we have gone well past the time that your government permitted for questions on an extreme industrial relations policy. That is the factual situation and that is the context.

Senator Abetz—And this, of course, is highly relevant.

Senator WONG—I am being about as relevant as you were, Senator Abetz. I again make the point: Work Choices, a dramatic policy introduced by the Howard government, had eight hours less committee debate in total than where we are up to now. So, Senator Abetz, do not come in here and lecture me and other Labor senators about participating in this committee debate and answering questions, because we have gone well past the time that your government permitted for questions on an extreme industrial relations policy. That is the factual situation and that is the context.

In terms of the IPART report, I understand it is a draft. If and when that report is finalised and IPART believes it is appropriate for the federal government to consider it, obviously we will do so. But you are asking me on the basis of a media report to comment on a draft report that I have not seen.

The next point I would make is in relation to household assistance and the senator’s assertions about electricity prices and his inappropriate assertion that a Labor senator was dismissive of this issue. Labor are not. In fact, the largest single proportion of assistance under this scheme goes to Australian families. Ninety per cent of Australian families gained support from our scheme to help them manage the impact of a carbon price. We have consciously sought to do that. That has been a principle to which we have adhered.

As to the amount of compensation, Senator, I know you have not been in the chamber for some of this debate because you have presumably been off attending to other matters inside your party, but I have read out and put on the Hansard on a number of occasions the amount of assistance. I can keep doing it in response to a whole range of questions over and over again, but at some point I think the Australian public would have to ask if the continued re-asking of the same questions is a sensible use of the Senate’s time. As I said, we have now been in this chamber answering questions from the government side for some 23 hours—well beyond what you allowed in government as scrutiny of Work Choices.

Senator NASH (New South Wales) (8.35 pm)—Just related to that, as we still seem to be in a general question area—and I shall not hold up the chamber for long—I want to ask about the assistance for the low-income households. I understand, Minister, that earlier in the chamber you placed on record some of the figures. Throughout this whole debate I think I have only been away for about 10 minutes. I have tried my hardest to be in the chamber for the entirety of this debate. My questions are around the 90 per cent of the low-income households who are going to receive the assistance, as you say, equal to around 120 per cent of the overall cost increases they face. Could you advise the chamber how you determined that 120 per cent was the appropriate figure? We
would assume that 100 per cent of that 120 per cent would relate directly to the increases in electricity costs and the other 20 per cent would relate to overall costs. If that is not the case, Minister, perhaps you could explain why it is that 120 per cent of the increase for electricity costs is being given to households.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.37 pm)—As I have said previously, the commitment is to provide assistance to Australian households. The commitment to low-income households is to fully compensate them for the overall cost increase they face. Treasury has modelled the impact of not only electricity prices but also gas prices and the broader impact of the increase in the CPI, which is calculated to be 0.4 per cent in 2011-12 and 0.7 per cent in 2012-13. For example, we have calculated an additional assistance rate for single pensioners of some $455. We have calculated additional assistance for pensioner couples—people receiving the maximum rate of pension—of $686. I was asked a question in relation to middle-income households as well. Was that you, Senator?

Senator Nash—I don’t think so.

Senator WONG—I will leave it at that.

Senator O’Brien—Mr Temporary Chairman, I rise on a point of order. I understand that we do not actually have an amendment before the chair. Is that right?

The TEMPORARY CHAIRMAN (Senator Trood)—That is correct, Senator O’Brien.

Senator O’Brien—On the point of order: is it not appropriate that this debate move on and that there actually be an amendment before the chair after 23 hours rather than debating in general on the prospects of the bill and the intricacies of it?

The TEMPORARY CHAIRMAN—Senator O’Brien, I am in the hands of the committee on this matter. There has been some general discussion about issues. I think we are moving towards the end of this particular dimension. Senator Nash has the call.

Senator NASH (New South Wales) (8.39 pm)—Perhaps I could clarify this. There have been a range of questions in the committee that have been of a general nature, which have been quite useful in enabling those people out in the community to get an understanding of some of those issues they are particularly interested in that may not relate to specific amendments. I thank the chamber for its indulgence to continue very briefly. People out in the community, particularly those in the low-income area, are particularly interested to get some answers. I certainly do not intend to hold the chamber up for a very long period.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.40 pm)—Could I interpose for a moment? I thank Senator Nash for the courtesy. This is the table I was having trouble finding that I had prepared for the Senator Milne debate on free permits to the electricity sector. I am happy to table the cameo analysis of household assistance packages. It is available on the website. Obviously family types differ, but, for example, for a sole parent on a taxable income of $25,000 or thereabouts with two dependent children—one aged between 8 and 12 and one aged between 13 and 15—we have estimated the total cost increase for that family type to be $544. The actual assistance being provided is in excess of $1,000. All of this information, with detailed cameos, is available on the website. If the senator would like me to table the document I am happy to do so.

Senator NASH (New South Wales) (8.41 pm)—Thank you, I think that would be quite
useful. These will be my final couple of questions. I do understand that we want to move on. I do appreciate that the government is trying to compensate particularly low-income households for their increased costs, but I am just struggling a little bit to find the rationale for why they should be overcompensated for the increase in costs. I think the minister just said it was $544 in this particular instance, yet the government was going to pay $1,000. I am at a loss as to the rationale for why they should be overcompensated for what are the identified increases. Given the obvious variable nature of these costs, I would also be interested to know how the government has determined to budget for that, taking into account this overcompensation. Perhaps the minister could advise of some answers to those questions and, indeed, the very important question of when this assistance runs out. I am sure the minister is going to inform me that it is in the papers here somewhere, but perhaps for those people listening it would be very useful for the minister to place on record exactly when this assistance runs out and at which point all of these families should expect that they are going to have to bear the full brunt of the ETS, unless of course it is ongoing forever. If it is ongoing forever that would be good to place on record.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.43 pm)—I think the Prime Minister placed that on record a year ago. This assistance is ongoing. The amount of the assistance will be adjusted each year in the budget context. This is this government’s commitment. Obviously if a coalition government at some point is elected I cannot speak for what their policy would be. Our government’s commitment is that we would continue the assistance. The amount of the assistance or the adequacy of the assistance will be reviewed each year in the budget context. It is important to understand that the cost impact of putting a price on carbon is related to what that price is. If the price on carbon is high, therefore the revenue stream is high, therefore we can give more assistance to Australian households.

In relation to the question about where it is coming from in the budget, this scheme is essentially self-funding. Over the 10 years it is actually budget negative. But the households package continues to be funded out of the revenue stream. So the more polluters pay, the more that impacts in terms of the carbon price, and then we provide more assistance to Australian families. We make no apology for prioritising low-income Australia and middle-income Australia and providing that assistance. You asked about the level of assistance, the review of assistance and why we were giving so much to low-income Australians. We have made a policy decision about that. Then I think you asked about how we assessed overall cost increases: they are the average cost increase assumed for that household type. That is why we do have an additional amount built in for a great number of family types. Senator, you are about to jump up again; you have said now on two occasions that this was your last question.

Senator Nash—I am not jumping; I am leaning forward listening intently.

Senator WONG—Senator Milne is seeking the call to move amendments.

Senator MILNE (Tasmania) (8.45 pm)—by leave—I move Australian Greens amendments (10), (11), (19), (20), (23), (28), (29), (34) and (62) on sheet 5786 together:
(10) Clause 13, page 33 (line 17), omit “; and”; substitute “.”.
(11) Clause 13, page 33 (lines 18 and 19), omit paragraph (c).
(19) Clause 82, page 128 (line 15), omit “; and”; substitute “.”.
(20) Clause 82, page 128 (lines 16 to 18), omit paragraph (c).

(23) Clause 88, page 131 (lines 17 and 18), omit paragraph (d).

(28) Clause 93, page 137 (line 3), omit “and”.

(29) Clause 93, page 137 (lines 4 to 6), omit paragraph (1)(c).

(34) Clause 129, page 173 (lines 8 to 12), omit paragraph (5A)(a), substitute:

(a) an Australian emissions unit was issued in accordance with the emissions-intensive trade-exposed assistance program; and

(62) Clause 382, page 460 (line 6) to page 460 (line 32), omit subclauses (8), (9) and (9A).

These amendments go to one of the most unjustified and toxic aspects of the carbon pollution reduction scheme. This is the issue of free permits to coal fired electricity generators. The issuing of free permits to the very industry that has caused the greatest problem, that as a sector generates the greatest number of emissions in Australia is the coal fired electricity sector. Professor Garnaut, in his review, said:

There is no public policy justification for $3.9 billion in unconditional payments to generators in relation to hypothetical future ‘loss of asset value’. Never in the history of Australian public finance has so much been given without public policy purpose, by so many, to so few.

That is a big call, and I wonder what Professor Garnaut is saying now that the $3.9 billion has been massively increased to $7.3 billion? I repeat: there is no public policy purpose for these free permits going to coal fired power stations. Of course, they are not just bits of paper; they have monetary value.

It will be very interesting to hear the government first of all justify why you would give free permits to coal fired generators, let alone the deal that the government and the coalition went into to increase that to $7.3 billion. When that figure was announced everyone assumed that was the extent of it.

But no, the figures show that the $7.3 billion for no public purpose, given to the biggest polluters in Australia, is based on a cut of five per cent. If the cut in emissions goes to 15 per cent, then from our calculations it is well in excess of $10 billion. I would like the minister to actually specifically put on the public record what the cost is if this goes to a 15 per cent reduction in emissions, and what the cost is if it goes to a 25 per cent reduction in emissions.

This is extraordinary, and there is not one economist—you will not find one single economist—who will tell you that this is justified. This is robbery, in my view. There is no justification for it whatsoever. These companies have known for 20 years that a carbon price was coming, just like the tobacco industry knew for years and the asbestos industry knew for years. They have all employed the same tactics, whether it is tobacco, asbestos or coal: they have known about the greenhouse effect in all that time and they have known that a carbon price was coming. They have done everything in their power not to reduce their emissions, not to transfer out of coal fired power but, rather, to spend the money on expensive lobbyists here in Canberra, rent seeking.

Never have we seen a government cave in like this government has. At the weekend in the Australian Financial Review Brian Toohey called it ‘Carbon cop out: Rudd’s craven cave-in’, and frankly that is exactly what has happened here with the big polluters. The article says:

The biggest slice of the extra payments to polluters—$4 billion—bear in mind that this is going straight out of compensation to households to the big polluters who have caused the problems, for no reason at all; not an economic justification can be found—
goes to the dirtiest of the coal-fired electricity generators. The only condition attached to the total payment of $7.3 billion to these generators is that they must not close down, although this would stop them from pumping out huge quantities of carbon dioxide (CO2)—that is, if they were closed down. Interestingly, Citi Investment Research and Analysis director Elaine Prior said yesterday that the deal has secured the immediate future of coal-fired electricity. Well, how ridiculous is that? We are meant to be taking action on climate change to drive transformation in the Australian economy—to get rid of coal-fired generation and to transform to the new low-emission technologies—and what do we have? We have a guarantee on coal-fired electricity. As Ms Prior said:

One of the things that the package has done is provided more surety for the coal-fired generators to keep generating until roughly 2020 or beyond … So one might say in that sense that it’s on the one hand created more stability in the electricity market, but perhaps reduced the urgency for people to look at change.

If there is one component of the CPRS, apart from the targets, that demonstrates this is not about transformation but about entrenching coal-fired power, it is this completely unjustified wealth transfer—ripping it out of the pockets of Australians and into those of the coal-fired generators. There has never been a more disgraceful example of unjustified policy.

It is not going to be good enough for the minister to say, ‘This is the decision the government has taken,’ or ‘This is government policy,’ or ‘We have a different view.’ Let us hear from the minister what the economic justification is for sandbagging coal-fired power generators out to 2020 and what Brian Toohey meant when he said that the only condition is that they must not close down. If you go to the government’s own press release this is what you get:

… the Government will increase the quantum of assistance available under the Electricity Sector Adjustment Scheme …

… the Government will extend the period over which—

that assistance—

is provided from five years to ten—

so doubling the length of time in which the generators will be sandbagged—

… meaning that generators will be required to comply with the existing ‘power system reliability test’ over this period to continue to receive assistance—

that is, you only get the compensation if you keep on agreeing to pump out that much coal-fired power. That is why in Western Australia some consideration is being given to actually recommissioning decommissioned coal-fired power plants. How stupid is that? This is utterly and absolutely ridiculous.

This requirement—

supposedly—

supports energy security by preventing the exit of a generator from the energy market where this would be likely to breach power system reliability standards.

So on the one hand there is no money for geothermal, no money for wave power, no money for solar thermal, a renewable energy target which does not support those emerging technologies and no money in the scheme for research and development in those new technologies but, on the other, all the money going to coal-fired power generators on the condition that they keep churning out emissions. Even worse, the government will delay the windfall gains test that applies to this assistance to apply to the last three years of 10 years assistance rather than to the last two years of five years assistance and apply the test to only half of a generator’s allocation.

Come on! If the government thought it was reasonable even when there was no jus-
ification for this to apply a windfall gains test in the last two years of a five-year period, on what possible basis are they taking out this assistance to 10 years, applying the windfall gains test in the last three years and then only to half of a generator’s allocation in this three-year period, which will give generators greater certainty over their allocations? Of course it will, and that is what they set out to do. Wasn’t it a great investment in those lobbyists? Haven’t they done incredibly well out of all of this to the detriment of the whole community? This is a disgraceful, unjustified wealth transfer. The Labor government and the coalition are all under the influence of the lobbyists who came here to Canberra. How they must be laughing all the way to the bank.

This allocation is really the Achilles’ heel for the government. They can go out there and say, ‘We are taking action on climate change,’ but when asked, ‘How is that?’, they will have to say, ‘We are giving compensation to the coal-fired power industry and keeping them operating out to 2020. In fact, we are penalising them such that, if they cannot produce the level of coal-fired power, they will not get the compensation.’ So the only condition to the $7.3 billion is, ‘Keep on pumping out those emissions.’

When does the government think we are going to get carbon capture and storage, which you will remember was going to be the saviour of coal-fired power? It was around the corner. It was only a matter of years away. Then it was decades away. Now it is more than decades away under the Treasury’s own modelling. It shows that electricity generation emissions are not going to fall in Australia until 2034. Why 2034? It is 2034 because that is when the government and Treasury assume carbon capture and storage will come into its own. Everybody knows that is a joke. Nobody in their right mind now believes that carbon capture and storage is going to be real. So all we have here is a guarantee that the biggest polluters will get the most out of this scheme. Money is being taken out of the pockets of households. The compensation provisions for households have been changed. Billions have gone out of households and straight across to the polluters. It is $7.3 billion to keep on polluting. So those people who are saying, ‘Just pass this and we will improve it,’ should think again. You cannot improve it. You are locking in $7.3 billion for nothing. It is nothing for households and, worse still, it is locking in failure by guaranteeing that these coal-fired polluters will keep on polluting out until 2020 at least and beyond.

Remember—and we will get to an amendment on the science very shortly—the IPCC has said global emissions must peak and come down by 2015. We are talking about less than six years from now and yet the government has sandbagged coal-fired power and locked in a guaranteed failure in terms of transitioning the electricity sector at least out until 2020. So do not let us hear any of this talk about transformation in the Australian economy. Every one of you that supports this package is supporting the transfer of $7.3 billion into a situation where, as Professor Garnaut describes:

Never in the history of Australian public finance has so much been given without public policy purpose, by so many, to so few.

There is no justification for this hypothetical future loss-of-asset value. That loss-of-asset value was already calculated in the share price and in the investment. Those companies had already calculated that into their activities. That risk was already there.

This is just a windfall gain. It is for nothing at all other than to give multinational companies a massive gain at the expense of the Australian community and at the expense of transformation in the electricity sector. I
really look forward now to hearing from the minister and from the coalition. What is your justification? What is the public policy explanation for this appalling handout to multinational corporations in return for nothing, other than the fact that it is a craven cave-in to the coal-fired electricity sector?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.00 pm)—I do have some response, Senator. The answer to your question about why we are doing this is very simple—this is about the security of Australia’s electricity supply. That is the public policy question to which we addressed our minds. It is not about giving people a windfall gain. It is not about being craven. It is not about being corrupted. It is about this government responsibly working with the opposition to deliver a package which, we believe, secures Australia’s electricity supply through this transition.

I have to say, Senator, that I find two things about your contribution difficult. You are entitled to your view, but I find it difficult to be lectured about transformation by somebody who is voting for Senator Fielding to stop this bill and I find it difficult to be lectured by somebody about being corrupted. I again put on record what I put on record last week—it seems to escape the Greens’ focus that sometimes people of goodwill can approach a public policy question and come to a different answer. It is not because we have been got to. It is not because we are craven. It is not because somehow we have been corrupted. We simply come to a different view. We disagree with your policy proposition. This is one of those occasions.

Some of the factual circumstances you outline are, in fact, incorrect. I want to try—briefly, if I can, because I know Senator Abetz was jumping to his feet—to deal with them. I will try to deal with them as best I can. One issue was that you asserted that people have to keep polluting to get this assistance. It seems to me, respectfully, that you have misread the power system reliability test that the government has included in the original bill—I will come to the amendments we are moving shortly—which is a requirement for receiving assistance under this scheme. What we have said to the recipients of this scheme is, ‘You cannot exit unless the market operator says you can.’ That is about ensuring that we can continue to supply. It is not saying ‘You have to stay.’ It is saying, ‘If you want to exit, you have to exit with the consent’—with a certificate, I think, is the way we have regulated it—of the market operator.’

The second point I would make is that one of the changes that will be moved by the government at some point—I suspect now that it will be sometime on Wednesday or Thursday at the rate we are going—is for the inclusion of a low-emissions transition incentive which enables recipients of this assistance to retain their allocation if they invest in new generation capacity progressively to replace their existing high-polluting capacity. That new investment must have an emissions intensity of less than current best practice coal-fired power generation capacity in Australia.

So your assessment of the eligibility requirements, with respect, is not correct. In addition, one of the amendments we are moving is saying, ‘Let’s amend that so as to ensure that, if people want to invest in lower emissions generating capacity, they can do that and still receive their assistance.’ That is an incentive for the transformation to which you refer. I apologise, Senator. I do not believe that amendment is yet before the chamber. I understand we have foreshadowed it. I recall why—it is because we need some consultation with the stakeholders and I am advised that it is quite difficult technically to
ensure that it is properly drafted, so we want to make sure that that occurs.

The point is that part of what we have agreed is, yes, additional assistance, but it is also assistance that is very focused on security of supply. I have said publicly—including in the face of various companies asserting that they should have significantly more than is on the table—that we do not believe the public policy proposition that we need to consider is full compensation for all loss of asset value. The public policy proposition is what we need to do to ensure we have a package which ensures confidence in the sector and which delivers the continued security of Australia’s electricity supply through this, as you quite rightly described it, transformation.

Senator ABETZ (Tasmania) (9.05 pm)—It was interesting to note, during that contribution by the minister, that the government is still in the business of drafting amendments to this legislation.

Senator Wong—This was agreed with your people.

Senator ABETZ—That is interesting, isn’t it? In the context that this bill should have been voted on at the end of last week, where would we have been on that issue if the bill had been passed last week? That is just an interesting observation.

In general terms, can I endorse the minister’s response to Senator Milne in relation to why the coalition will not be supporting the Greens amendment. I had sought previously, in an orderly way, to ask a few general questions. Unfortunately there were interruptions by other senators and now Senator Milne has moved her amendment. That is fine, but I will now ask a raft of general questions and seek to get the minister’s response to them in due course.

It makes good sense when you have a debate that goes over a number of days that new information will come to light. The new information, for example with the IPART report, is a matter that could not have been asked about beforehand in the general discussion of the committee or before the report was publicly released. If a senator is to be condemned for raising a general matter of this nature in the committee stage, that would mean that the senator would be locked out from asking questions about what is a very serious matter.

Senator Pratt—Twenty-three hours—there’s no such thing as a lockout.

Senator ABETZ—Yes, but this only became public knowledge today, and I have been seeking a convenient time, Senator Pratt, to ask about this. So all I will say to the minister is that the household assistance to which she has referred was based on the original modelling. If this modelling was correct then clearly there will be a shortfall for the households.

I also refer to something that I only became aware of this morning, and that is that on Inside Business yesterday Michael Hitchens, from the Australian Industry Greenhouse Network, made some comments and predictions as well—and there was no earlier time to refer to his comments other than today. He believes that the government, in assuming a price of $26 for each carbon emission permit, may well be wrong. He believes it will be more like $35 to $40. Now either the government agrees with Mr Hitchens or they do not. If they disagree with Mr Hitchens, can they please tell us not that they have done earlier modelling but why this literally hot-off-the-press information is wrong? Could they also give us all the calculations as to why his assertions are wrong? Because clearly, if there is going to be in rough terms an extra $10 cost for each carbon emission permit, the impact on the
Mr Hitchens also made the observation about these matters being quite ‘sensitive’, to use his word, because the Treasury estimates of revenue were based essentially on the Australian dollar staying at 90c to the US dollar over the next 10 years or so. But, if that falls—and for every 1c it might fall it is over $1 billion of revenue to the Treasury—and if we get back to what is considered to be sort of a long-term rate with the American dollar, which is around 80c, then the Treasury is looking at a shortfall of about $12 billion. This is just hot off the press. It was reported yesterday. Today is the first opportunity to raise it in the chamber, and I have given way to other senators for other particular debates and amendments in this place. But these are fundamentally important issues that the government really do have to answer to the Australian people for. They may have perfectly good explanations. If they do, that is great.

The other lot of general questions that I was hoping to be able to raise—and I will raise them now as well in this contribution because otherwise I fear I may well continue to be interrupted—is whether the government has undertaken any analysis of the East Anglia Climate Research Unit—

Senator Wong—You have asked this already.

The TEMPORARY CHAIRMAN—Minister, perhaps we could allow Senator Abetz to complete his question and then you can respond.

Senator ABETZ—I have not; a colleague of mine may have asked about this. If that is the case that is good, but I just wonder whether the government is going to provide an official statement or document in relation to what has now become known as ‘Climate-gate’, where clearly the information has been doctored or, to use that terrible term, ‘sexed up’. I said ‘clearly’ but I should have said that that is the allegation. The allegation is that that has occurred. That allegation has now been in the community for some two to three weeks. I still have not seen an official government position being put out in relation to that by way of a document indicating whether the allegations are true or not. It would seem, given the response of the academics involved, that they have been unable to deny the truthfulness of the email exchanges and that there is an absence of the raw data which would enable people to rework their calculations. That must be a matter of considerable concern.

There are now allegations that something similar may have happened in New Zealand. And we do know, albeit in a different vein, that in the CSIRO in Australia Dr Spash has not been allowed to have his article published—although I think he fully accepts the so-called consensus science. But if there are these restrictions being placed on scientists—especially at East Anglia, which is the institution pre-eminently relied upon by the IPCC for its predictions—and if scientific research is found to be wanting then the whole underpinning of the IPCC reports begin to crumble. And if that begins to crumble then the whole approach that humankind may or may not be taking to the issues before us may well have to come in for genuine and general reconsideration.

I think the Australian people are entitled to a full and detailed explanation as to what the government has done to examine whether it is satisfied that Dr Jones, Dr Mann and others have doctored information. It seems to be now relatively agreed that Dr Mann’s so-called hockey-stick graph is no longer to be relied upon by the IPCC because it was debunked by a mathematician-statistician who was able to show that the calculations on it were completely—
**Senator McGauran**—Dodgy!

**Senator ABETZ**—wanting in rigour. I am very careful with my words, most of the time, Senator McGauran, so rather than accusing them of anything I just want to know the whether the government accepts that Dr Mann’s hockey stick-graph has now fallen into disrepute. Then it might stand to reason that other science and other so-called facts that Dr Mann and his crew have put before the IPCC are worthy of further detailed consideration and analysis to ensure that we are absolutely certain, before we embark down this track of what will represent the largest structural reform or change in the Australian economy that has ever been undertaken by a government and, many people believe—

**Senator Wong**—How long are you going to talk?

**Senator ABETZ**—Not much longer. Many people are of the view that this legislation, if passed, will be irrevocable. The minister kindly asks how much longer I will be, but the situation is that Senator Milne used just as much time as I have. What I have indicated is, given that the committee stage is progressing in the way it is—rather than senators being able to ask brief individual questions and getting answers back, as one would have hoped a committee stage might operate—it is now unfortunately necessary for me to put all of these questions in a tranche. If the minister is able to provide answers in due course during the debate, if I could be notified of the time—

**Senator Wong**—I’ll do it now.

**Senator ABETZ**—All right. If she can answer all those three areas, I would be much obliged to her.

**Senator WONG** (South Australia—Minister for Climate Change and Water) (9.16 pm)—I thank you for that contribution, Senator Abetz. You took us just past 24 hours—so I am advised. In relation to household assistance, that is scaled to the carbon price, and the document I tabled is scaled to the carbon price that was assumed as a result of the MYEFO change. In relation to Mr Hitchens’s calculations of a carbon price, you will have to ask him. I have no knowledge of what assumptions he utilised.

**Senator Abetz**—But don’t you look at these things?

**Senator WONG**—I am answering the question. You spoke on a range of questions which, as a matter of courtesy, I am responding to. They have nothing to do with the amendments, and I would invite the chair to start to consider, given that taxpayers are paying for us to be here, the fact that these are completely irrelevant to the amendments moved by Senator Milne. They are completely irrelevant. Can I say that, whilst I did not agree with what Senator Milne said in her speech, at least she was speaking to her amendments. Senator Abetz, you will have to ask Mr Hitchens what his assumptions are for his carbon price calculation. We have been transparent about our calculation of the carbon price. That is the MYEFO estimate. I would make the point that the international carbon price, from memory, is currently around $22. So one would, just as a matter of logic, not have thought that $26, which is the assumed starting carbon price in the first year of a floating price, is that demonstrably different.

In relation to East Anglia, those questions have been asked by your colleagues previously and answered. I refer you to my previous answers. I note that Senator Abetz cannot help himself. He has to come in here again and argue the science of climate change. If there is a conspiracy on the issue of climate science, it is a conspiracy that involves conservative figures such as Mrs Thatcher; Mr Howard; the Nationals Prime Minister, Mr Key, in New Zealand; and
David Cameron, the leader of the conservatives in the United Kingdom. This government accepts the science that has been made clear by the weight of scientific opinion around the world. We accept the advice and the views of the Bureau of Meteorology and the CSIRO about the impact climate change will have on Australia. Senator Abetz, I know you do not. That is your right. I disagree with it, but we are no longer in the business of re-traversing an issue which the world has broadly come to a view on. What we are doing is seeking to act on that knowledge.

**Senator MILNE** (Tasmania) (9.19 pm)—I note that Queen Elizabeth II, in addressing the CHOGM meeting, indicated that she thought it was appropriate that the Commonwealth act to drive a good agreement in Copenhagen. I am sure we would not have monarchists like Senator Abetz impugning the Queen and suggesting she was part of a left-wing conspiracy. I would assume this would not be the case.

**Senator Wong interjecting—**

**Senator MILNE**—I just wanted it on the record, Minister, before I began that it was Queen Elizabeth II who did encourage the Commonwealth to take action and that I, for one, would never suggest she was part of a left-wing conspiracy. I want to move on to the serious issues that I raised in relation to compensation for coal fired power. I did ask the minister specifically whether the $7.3 billion compensation pertained to a five per cent cut in emissions, exactly how much this would rise to if there were a 15 per cent cut in emissions and what that would rise to if there were a 25 per cent cut in emissions.

I also go to the minister saying that there will be a low-emissions transition incentive that will amend the power system reliability test to allow generators to receive credit for their own investments in replacement capacity, and that not only will they get that but they will continue to receive their remaining scheduled compensation payments at the same time. I would like to know what the quantum of the low-emissions transition incentive is. Is this an unlimited amount of money? This is over and above the compensation we have talked about. Can the minister say what quantum is expected there in addition to the specifics of exactly how much compensation these coal fired generators are going to get if the emissions reductions rise to that which I have suggested?

Is the only justification the minister can offer for this completely unjustified handout to the big polluters that it is about energy security, about keeping the lights on and about keeping the generators producing? The whole point of an emissions trading scheme, surely, is to put a sufficient price on emissions so that gas and renewables are more cost-effective against coal. This surely deliberately undermines one of the central tenets of the whole point of emissions trading. As I indicated before, the share price for coal companies, coal fired generators and electricity generators has reflected the risk of carbon pricing for a long time. You cannot suggest that the same companies who are now generating coal fired power are necessarily the companies that are going to be offering energy into the future. We do not owe them a living. There are a whole lot of new companies that are involved in renewables and that have moved across to gas and so on. They have a right to be in the market, able to compete. As we know, the generators can pass on the costs, and this is getting to a point where the competition is such that gas and renewables take over. What is happening here is that you are undermining all of the drivers for that to happen. So I again would like to ask the minister why she is undermining her own scheme with sandbagging the big coal fired polluters. Can she give me the
quantum of figures in relation to those matters?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.23 pm)—In relation to the first issue, all of the price estimates are based on five per cent because that is the unconditional offer. Obviously there were some carbon price estimates in the Garnaut modelling and the Treasury modelling from 2008, but I do not have further modelling on those figures to provide you. You could extrapolate though—it is just a calculation of multiplication on what the carbon price estimate under the Treasury modelling is. But those are the figures which are in the Treasury modelling. Perhaps I was not clear when I was explaining what the low-emissions transition incentive was. That is not an additional payment; that is a change to the eligibility requirements that enables a generator to invest in replacement low-emissions capacity as a requirement for continuing to receive their existing ESAS allocation. So it is not an additional payment; it is saying that you can continue to receive this if you invest in low-emissions technology.

Finally, I think the senator postulated what the whole point of an emissions trading scheme was. I say that it is a scheme that enables the lowest cost transformation of the Australian economy. That is a transformation over time and I have outlined previously the policy rationale for the ESAS.

Senator MILNE (Tasmania) (9.25 pm)—I would like to ask the government to do that calculation for me. I do not know what projected price they are suggesting, but the Australian community has a right to know. When the $7.3 billion went out there as a price it was never made clear to people that that was based on a five per cent reduction. I am not suggesting that the government needs to put all detail in always, but I think it is imperative, since the government is saying that its scheme is five to 25, that the Australian community knows what five, 15 and 25 would do in terms of this compensation for coal fired power. So I would like to ask the government to do that calculation.

After a generator has invested and transitioned to low-emissions replacement generation capacity, and has received credits for doing so, I would also like to know what the possible justification is for them receiving their remaining scheduled compensation payments? If that is not a windfall gain, then I do not know how you would define a windfall gain.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.26 pm)—Minister, you gave reference to the Garnaut modelling in the calculation of what you believed would be the appropriate compensable agreement in the amendments. To what extent is the Garnaut modelling in the white paper prevalent in the calculation of your change in direction in the amendments?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.27 pm)—I am sorry—perhaps I am getting tired, but I just do not understand what the senator has just said. I do not know if someone else in the chamber did.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.27 pm)—If you go back to the Hansard, Minister, you referred to Garnaut in the modelling that appears to be one of the prerequisites in you ascertaining the process of compensation that is prevalent within the ESAS. To what extent is it there, or is Garnaut modelling not prevalent at all?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.27 pm)—I do not understand what the question, ‘How is Garnaut prevalent in the ESAS?’ means. I am sorry, Senator, I genu-
inely do not. I often try to understand what is behind your question, but I genuinely do not on this occasion.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.28 pm)—Did you in your previous answer to Senator Milne give reference to the modelling of Garnaut in the white paper?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.28 pm)—I was referencing the various scenarios which were modelled under the Treasury modelling of 2008, which drew on, from recollection, two Garnaut scenarios and two government scenarios. When the senator asked me about carbon price estimates, it was published modelling to which I referred her.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.28 pm)—Is that the same 2008 modelling that you are using in further reference in the amendments that you have put forward for the extra compensation to coal?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.29 pm)—Chair, respectfully, I ask you to rule on the relevance of that. We are not discussing assistance to coal—we have discussed those amendments. We are discussing assistance to the generation sector. I have sought to treat Senator Joyce’s questions with due regard for his office, but I do not see how that question has any relevance in terms of assistance to coal when we are talking about assistance to generators.

The TEMPORARY CHAIRMAN—I assume that Senator Joyce sees a connection here, which I should allow him to make.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.29 pm)—Thank you, Chair. To the best of my knowledge, the vast majority of electricity generation is done by coal—or maybe things have changed since five minutes ago. So it has an immense connection to coal because the generation of electricity is done by coal. Minister, using that 2008 modelling, which you say is also premised on two factors from Garnaut, is this a part of your compensation arrangements for electricity generators?

Senator McGAURAN (Victoria) (9.30 pm)—On this issue, I would like to raise the concern of the aluminium industry from my state of Victoria. I believe it is relevant. I certainly hope the minister does not give me short shrift like she gave Senator Joyce. In regard to the aluminium industry of Victoria, the government scheme purports to assist large energy users of over 2,000 gigawatts per hour of electricity. It provides certificates for large energy users whose energy source emits up to one tonne of CO2 per megawatt hour—very technical. That is the default electricity allocation.

However, the scheme affects the viability of the aluminium industry in a unique way. For the record, as the minister and the advisors would well know, the Victorian aluminium industry depends on the coal fired power generators. The industry just eats electricity. It is probably the largest user of brown coal generators in Australia—located in the Latrobe Valley—using 1.25 to 1.6 CO2 megawatts per hour. Therefore, the aluminium industry is adversely affected by the one tonne default electricity allocation factor, known as the EAF. This disadvantage is known to the government, I believe, and the government have therefore, under the existing contracts—the ones already in place—made an exception. But what concerns the industry is that, once those contracts run out, there will be no certainty. They will have to pay over and above the one tonne CO2 MWH, megawatts per hour—the benchmark, if you like, to keep it simple. They will have to pay anything over that. That will be passed on to them by the brown coal fired
generators from the Latrobe Valley—0.25 to 0.6 CO2 megawatts per hour will be passed on to them.

This is in my state of Victoria, where Alcoa have aluminium plants at Geelong and Portland, essential to the economies of both regional towns, providing employment by the thousands. They have calculated that that will affect their bottom line by $40 million. If that is the result, that will be unsustainable for Victoria’s largest exporter, Alcoa, and yet they cannot get certainty from the government. So my question to the minister is: what certainty can you provide the industry once the current contracts run out?

Senator Joyce—I want to direct this back to the minister. Minister, do you believe it is the height of rudeness not to give an answer when you are asked?

The TEMPORARY CHAIRMAN (Senator Crossin)—Senator Joyce, is that a point of order?

Senator Joyce—Yes, it is. Before I asked a very relevant question about the connection of coal and the price of electricity, and the minister just—

The TEMPORARY CHAIRMAN—Is that a point of order, Senator Joyce?

Senator Joyce—Is there a point of order or not when people are not irrelevant but just do not answer the question at all?

The TEMPORARY CHAIRMAN—Is yours a point of order? You do not have a question to the minister. This is a point of order.

Senator Joyce—Okay, my point of order is—

The TEMPORARY CHAIRMAN—Order! Senator Joyce, I am talking and I am the chair. Are you making a point of order? That is my question to you.

Senator Joyce—I am now. I am making a point of order, I think under standing order 194, on relevance and saying that a question was asked and no answer was given whatsoever.

The TEMPORARY CHAIRMAN—There is no point of order. The minister is at liberty to answer or not answer questions as he or she sees fit. Senator McGauran has asked a question. Minister, I will call you to answer that question.

Senator WONG (South Australia—Minister for Climate Change and Water) (9.35 pm)—Senator Joyce, I have been in here now for some 24-and-something hours.

Senator Parry—I’ll check the figures.

Senator WONG—You are checking the figures—fine.

Senator Parry—You’ve counted the lunch and dinner breaks.

The TEMPORARY CHAIRMAN—Senator Parry, do you have a point of order or can we proceed with the answer?

Senator WONG—I am not sure that is correct, Senator Parry.

The TEMPORARY CHAIRMAN—Let us proceed with the answer.

Senator WONG—All right. I will give you an hour and a half. I will make it 23 hours, Senator Parry. Senator Joyce, I think any reasonable observation would be that I have sought to answer a great many questions. I genuinely do not understand what you are asking. I do not understand what the phrase ‘prevalence of Garnaut in modelling’ means. I do not understand what the reference is to coal. Are you talking about coalmines or coal-fired generators? I genuinely do not understand the questions, so I am unable to assist you.

In relation to Senator McGauran’s questions, which I think essentially go to a contract with Alcoa for electricity supplied through the SECV, obviously the precise details of that contract are commercial-in-
confidence. However, I would emphasise as follows: the issue is not the emissions intensity of the generators; it is the increase in price. The modelling indicates that the change in price is less than that assumed or given by the electricity allocation factor. For this argument to be correct, coal fired generators would fully pass on their costs and would have no loss of asset value. That is not consistent with the argument from the generators. I do understand. I am familiar with this issue. It has been raised with me by the company and others. There is a negotiation between the company and generators. That is a matter of commercial negotiation.

Generally—and it is applicable to this situation—we have been confronted with a range of requests from different parts of industry for the government to enter commercial negotiations ahead of the scheme. I have taken a very clear policy view that governments do not second-guess commercial negotiations. That is the case essentially across the board. I certainly am aware that there are a range of different views about the outcome of a range of contractual negotiations and how prices will or will not be passed through. What I can say to you is that the policy position of the government is that the electricity allocation factor which has been established is a reasonable one.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (9.38 pm)—Minister, what portion of Australia’s power is generated from coal fired power stations?

Senator Wong (South Australia—Minister for Climate Change and Water) (9.38 pm)—The figure I quote in international negotiations is around 80 per cent, I think. I would have to take advice to check if that is correct. People are nodding. I think that is correct.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (9.38 pm)—Eighty per cent of the power in Australia is generated by coal fired power stations. Is there a relationship between the price of coal and the price of power?

Senator Wong (South Australia—Minister for Climate Change and Water) (9.38 pm)—Yes, there is a relationship.

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (9.38 pm)—Is the compensation that was determined in your recent amendments based on 2008 modelling?

Senator Wong (South Australia—Minister for Climate Change and Water) (9.39 pm)—Which amendments—the amendments that have already been passed in relation to assistance to coalmines?

Senator Joyce (Queensland—Leader of the Nationals in the Senate) (9.39 pm)—The $3.055 billion, if I am correct—even though it said $4 billion in the preamble—that is pertinent to the agreement you have given to the coalition. I think it is under ESAS.

Senator Wong (South Australia—Minister for Climate Change and Water) (9.39 pm)—Perhaps I can assist in this way: I think what you are asking about is not the amendments before the chair but the government’s original decisions around the design and quantum of the Electricity Sector Adjustment Scheme. At the time of the white paper the government made announcements about its view about the appropriate quantum of the Electricity Sector Adjustment Scheme. I am just asking my officials to go back to that, because my recollection is that there were three different modelling exercises undertaken by private sector companies which informed the government decisions in relation to the Electricity Sector Adjustment Scheme.

The Temporary Chairman—Senator Joyce, before I call you, I have had it drawn to my attention that Senator Xen-
phon may wish to join in this questioning or debate. So with the leave of the Senate if he wants to do that he should signal to this chair and we will accommodate his contribution from his seat, rather than standing.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.41 pm)—Do those three forms of modelling that were provided, in the calculation of the adjustment, correlate to the modelling that was done in 2008?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.41 pm)—That is what I was referring to, and it is at chapter 13, page 19 of the white paper. We outlined the results of the three different modelling exercises which were done by MMA, ACIL Tasman and Roam Consulting.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.41 pm)—Is that modelling also from 2008?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.41 pm)—I just said that, Senator. This is white-paper modelling which was released in December 2008.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.41 pm)—I am just going piece by piece because I do not want to confuse anybody or mislead anybody. So that modelling, which has been the most recent requirement and which is part of the $3.055 billion that makes up a substantial amount of the $8½ billion approximately of extra costs, is 2008 modelling. Do you think the 2008 modelling is current to the costing mechanism of where we are right now in 2009?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.42 pm)—Perhaps I can be very clear. The modelling to which I have referred looked at a range of issues. What we have put here is the model change in asset value. It is the case that there was a very significant variation in the asset value that was modelled. That is all public; it is on the public record. There was never a mechanical link between the modelling and the policy decision. We did not contract out a government policy decision to a few modelling firms. We contracted modelling firms to model and that informed government policy, and that informed the negotiations with the opposition. As I said, I think the best way to say this is that we considered a range of issues. One of them was the modelling which informed our decision but was not determinative of the decision of the government. I cannot speak for the opposition, as to what process they undertook, but we did come to an agreement on what was regarded as a sensible approach.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.43 pm)—Mr Macfarlane said on Four Corners that there would be no more coal-fired power stations built. Is that your view of how the future lies?

Senator WONG (South Australia—Minister for Climate Change and Water) (9.44 pm)—I would not get into those sorts of predictions. My job as minister is to carry through the parliament, if the parliament will support it, a bill which will start to reduce Australia’s emissions, which will put in place a carbon price and which will support a whole range of sectors in our economy through this transition. The energy sector is one of them. What private sector individuals or companies do as a result of us putting in place a carbon price will be a matter for them. We are unashamedly and absolutely changing the incentives. For once we are saying, ‘Yes, you should have some regard to the cost of climate change in the decisions you make,’ and the way will do that is by putting in place a carbon price.


**Senator XENOPHON** (South Australia) (9.45 pm) — I want to follow a line of questioning from Senator Milne, the mover of this amendment. As I understand the nub of the issue, this is about the allocation of permits to generators. I have made it clear that I do not have so much of an issue with the allocation of free permits, because it is important to have continuity of supply. My concern is the question of the conditionality of that and, if you like, the mutual obligation. If taxpayers’ funds are being used, what do we get in return in the context of a scheme that is meant to reduce greenhouse gas emissions? I would be grateful if the minister, with respect to the amendment moved by Senator Milne, could elaborate on the matters raised by Senator Milne about the potential costs.

Secondly, in relation to the low-emissions transition incentive referred to in the joint media release of 24 November from the minister and the Treasurer, what would the criteria for that be? How conditional is it, and how robust is the process to ensure that for the billions of dollars in free permits there is a requirement for coal-fired power stations, for instance, to mandatorily moved towards lower emission technology?

**Senator WONG** (South Australia — Minister for Climate Change and Water) (9.46 pm) — Senator, I do not know if you were here when I gave two contributions which did address those issues. In relation to the 25 per cent/15 per cent carbon price, I have referred the senator to the modelling that was produced last year. The government has, for the purposes of this and all of the costings before the parliament, modelled its unconditional commitment. Obviously, that is five per cent. If the government changed that position then the government would provide, through the parliament, to the Australian people an indication of its remodelled costs in relation to the CPRS, assuming whatever target the government committed to.

In relation to the low-emissions technology incentive, to understand that I would refer you to my answers on the power system reliability test. In other words, as the focus of this package, as the government intended, is on ensuring we have a package that delivers energy security, we put in place criteria which required that a generating capacity not exit without the market operator’s consent. What we have said is that you can, in terms of maintaining the available generation capacity, invest in low-emissions technology—that is, lower emissions than best practice coal—in order to meet the supply availability test. I went through this previously with Senator Milne.

Question put:
That the amendments (*Senator Milne’s*) be agreed to.

The Committee divided. [9.53 pm]
(The Chairman—Senator the Hon. AB Ferguson)

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<th>Ayes</th>
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<td>54</td>
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**AYES**
Brown, B.J.  
Ludlam, S.  
Siewert, R. *

**NOES**
Adams, J.  
Back, C.J.  
Bilyk, C.L.  
Bishop, T.M.  
Boyce, S.  
Brown, C.L.  
Cameron, D.N.  
Colbeck, R.  
Conroy, S.M.  
Crossin, P.M.  
Farrell, D.E.  
Feneley, D.

Hanson-Young, S.C.  
Milne, C.

Arbib, M.V.  
Barnett, G.  
Birmingham, S.  
Boswell, R.L.D.  
Brandis, G.H.  
Bushby, D.C. *  
Cash, M.C.  
Collins, J.  
Cormann, M.H.P.  
Evans, C.V.  
Faulkner, J.P.  
Ferguson, A.B.
Fielding, S. Fisher, M.J.
Forshaw, M.G. Humphries, G.
Hurley, A. Hutchins, S.P.
Joyce, B. Ludwig, J.W.
Landy, K.A. Marshall, G.
McEwen, A. McGauran, J.J.J.
Nash, F. O’Brien, K.W.K.
Parry, S. Payne, M.A.
Polley, H. Pratt, L.C.
Sherry, N.J. Stephens, U.
Sterle, G. Troeth, J.M.
Williams, J.R. Wong, P.
Wortley, D. Xenophon, N.

* denotes teller

Question negatived.
Progress reported.

Sitting suspended from 10.01 pm to 10.00 am Tuesday, 1 December 2009

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 10.00 am and read prayers.

COMMITTEES
Regional and Remote Indigenous Communities Committee
Correction

Senator WILLIAMS (New South Wales) (10.00 am)—On behalf of the Chair of the Select Committee on Regional and Remote Indigenous Communities, Senator Scullion, I present a correction to the third report 2009 of the committee.

Ordered that the document be printed.

LEAVE OF ABSENCE

Senator WILLIAMS (New South Wales) (10.01 am)—by leave—I move:

That leave of absence be granted to Senator Scullion for the period 30 November 2009 to 4 December 2009 on account of personal reasons.

Question agreed to.

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]
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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]

In Committee
Carbon Pollution Reduction Scheme Bill 2009 [No. 2]

Consideration resumed.

The TEMPORARY CHAIRMAN (Senator Mark Bishop)—The committee is considering the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] as amended. I will
now put the remaining element of Senator Milne’s amendments, the rest of which were negatived last night. I put the question that part 9 stand as printed.

Question agreed to.

Senator MILNE (Tasmania) (10.03 am)—I move Greens amendment (12) on sheet 5786:

(12) Clause 14, page 34 (lines 22 to 33), omit “99%” (wherever occurring), substitute “95%”.

This is a very straightforward amendment and it is not one I intend to call a division on, so we should be able to deal with this fairly quickly. This is basically an amendment to the government’s legislation, as agreed to by the coalition, where it indicates that if regulations are not set then there is a default one per cent reduction in the cap for each year. The Greens are saying that a reduction of one per cent to 99 per cent is not enough. There should be a five per cent reduction to 95 per cent. In the unlikely event no regulations were set and this bill becomes law, the government wants to tighten the cap by one per cent per year. We think it should be tightened by five per cent per year.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (10.04 am)—Once more we go to the premise of the effect on the Australian working family of this amendment and amendments such as this going through. It has been clearly shown that we will be looking at an effect that causes the demise of working families’ jobs, an increase in costs to pensioners, an increase in costs to farmers. There is a paucity of information that actually sits underneath this on the economic effects on our nation as a whole, with a discrepancy compared to other nations regarding how Australia will maintain in an open economy and a competitive environment a position that keeps people in work and that allows benefaction of our nation as represented in our mineral wealth to be delivered back to the Australian people in such a way as to increase their standard of living or basically keep the standard of living represented by simple things, such as keeping an air conditioner on or keeping the price of food affordable. (Quorum formed)

The whole modus operandi of this legislation, taking place merely days before Copenhagen, the place where the world will meet, is such that if we are truly looking for a global solution we will find it. But, if people are in fear of Copenhagen not delivering a global solution, I can say that the only reason that we would vote on this legislation now would be to force the issue, to actually undermine Copenhagen. After lauding Copenhagen, it is a statement that you do not believe. You have a lack of confidence in Copenhagen being able to deliver an outcome. So, far from being part of a global solution, it is part of inciting and undermining Copenhagen.

If we truly believe in keeping Australia as a competitive nation in a global economy with open borders and open trade, we cannot unilaterally go down this path. It would be the height of self-indulgence by a government in Australia to take us down a path that would put at risk Australian working families and those pensioners who have been contacting us not in their hundreds but in their thousands. We have also received tens of thousands of emails. Today the weather is remarkably cold—but no doubt summer will come. One of the big things people will want is the capacity to be able to pay for the air conditioning in their house. Pensioners who are on the breadline do exist. We have to remind the Labor Party that they are doing it terribly tough, and they will be the people who will be afflicted by this scheme. We know that at the start there is compensation, that there is a bit of sugar on the table to

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help those who are doing it tough, but that all passes, that all finishes, and people will then be left with the cost.

Senator Wong—Mr Temporary Chairman, I have two points of order: one is that the senator is deliberately misleading the chamber. He knows I have made it clear to this chamber on a number of occasions that household assistance is ongoing. The second point of order is in relation to relevance. We are currently discussing the Greens amendment—an amendment with which the government does not agree—in relation to a default reduction in the cap. How is this contribution relevant to that?

The TEMPORARY CHAIRMAN—Senator Joyce, do you wish to speak to the point of order?

Senator JOYCE—No.

The TEMPORARY CHAIRMAN—On both points of order, I rule that they do not exist.

Senator JOYCE—I remind the chamber of what the minister has just said, that in these amendments there is a $5.5 billion reduction in household assistance. That is the money that goes from the pensioners. That is the money that goes from the working families. That is the money that makes life harder. We hear that things will go along as per normal, but these amendments actually speak to the reduction in household assistance.

Senator Bob Brown—Mr Temporary Chair, a point of order: Senator Joyce himself negotiated that $5.5 billion rip-off from pensioners. Now he is complaining about it. He should be consistent if not relevant.

The TEMPORARY CHAIRMAN—Senator Brown, you know that is a debating point.

Senator JOYCE—The National Party was not in any way part and parcel of the $5.5 billion reduction in household assistance. In fact, we want to exempt households completely and make sure that those working families, those pensioners, those who live in the quiet streets in the weatherboards and the brick-and-tiles do not have to pay anything for this ludicrous, unilateral attempt to change the temperature of the globe by Minister Wong’s office. That is what is being inspired here—a unilateral attempt by Kevin Rudd to change the temperature of the globe. Is the temperature of the globe going to change from the Prime Minister Kevin Rudd’s office? Is the temperature of the globe going to change because of a piece of legislation that is inspired by Minister Wong? No, it is not. Even now we would have to query the extent to which they are actually going to reduce carbon emissions. We have still got this confusion where we are looking at 2008 modelling on a 2009 proposition. We take in piece and parcel bits and pieces of it. We have had an appreciation of the dollar, yet the modelling stays the same. Frontier Economics has been talking about a $3.7 billion hole. This is where this modelling leads in 2020. There is currently a $2.5 billion hole. This just goes to show the paucity of economic acumen in the Labor Party and also the self-indulgent position that they would inflict on Australian working families, on pensioners, on farmers and on small business. This sort of tax—

Government senators interjecting—

The TEMPORARY CHAIRMAN—Order! There is too much audible interruption going on in the chamber. I would appreciate it if senators allowed Senator Joyce to make his contribution in silence.

Senator JOYCE—People listening will acknowledge this. Senator Cameron is supposed to be in here looking after working families. He is supposed to be looking after his rank-and-file union members. What was he going to deliver to those rank-and-file
union members? He was going to take those working families out of work. He was going to make the pensioners poorer. He was going to put the farmers off the farm. This is the sort of outcome we will have.

What will we have if this ends up in a double dissolution? It is going to be quite easy for us to define. If you understand the tax, vote for it. If you do not, vote for us. It will be quite clear. We borrowed that line from a former Prime Minister, Paul Keating. If you understand this massive new tax, you vote for it. If you want to make working families poorer, you vote for the Labor Party. If you want to put families off the farm, you vote for the Labor Party. If you want to take working families out of work, you vote for the Labor Party. It is quite clear how we can define this line for an election. It is quite clear now for the tens of thousands of Australians who have contacted our office and have said emphatically that they do not want this to go forward.

I listened to talkback radio last night as people pleaded for this chamber not to go forward with this massive new tax. Did the Labor Party hear them? No, they did not. What did the Labor Party do? They became self-indulgent in a fit of pique that they would just pursue this course, that they would demand that the Australian people have to comply with the globetrotting benevolence of our Prime Minister as he sets the most massive carbon footprint in air travel of all time. He is over there now speaking to President Obama. I do not think President Obama is going to turn around the US Senate. Let us be realists about this. There are environmental solutions that we can deal with, but it does not have to be your massive new tax. We as a nation can be smarter than that. We can be smarter than that and deliver a better outcome for our nation than this massive new tax. The National Party and the Liberal Party will be at one in fighting this massive new tax because today there has been a change of direction.

Now we have the capacity to fight the Labor Party, to drag them into this chamber day after day and, piece by piece, pull apart this ridiculous tax and show the Australian people exactly how much the price of food is going to go up by, exactly how much the price of electricity is going to go up by— exactly how much every section of their life is going to be afflicted by it. We will drag the Labor Party in. Now the problem has become the Labor Party’s. It is now on the Labor Party’s lap. They have to convince their working families how they will keep them in work, and the only way they can keep them in work is to walk away from this ridiculous tax. We say to the people of the Hunter Valley: it is the Labor Party who are going to put you out of work. We say to the people of the Hunter Valley: it is Mr Combet who is one of the grand architects to reduce your standard of living. We will say to the people of Dawson: it is the Labor Party who wish to take your standard of living down the tube; they do not believe that you are entitled to the standard of living and the wages you have been getting. The Labor Party do not believe in truck drivers getting paid up to $100,000. No, they are going to take you back to green jobs. They are going to have you building duck ponds, they are going to have you building concrete paths around duck ponds—they are going to have all these fantastic schemes—but they will not give you a decent living. That side of politics will not give you a decent living.

Today is a great day, because today you will see a unified opposition that will take you on, and you know that, because now we have got the capacity to take you on, day after day. From the front benches of this side of the political chamber we will deliver the questions that you will not be able to answer. It will be a great day.
We have this ridiculous proposition that if we pass this bill we are going to be borrowing money from China to send back to China to help develop China. We will be borrowing money from China and from Saudi Arabia to send to African despots. That is not the form of politics that we believe in. We will be able to fight this piece by piece. This is going to be an interesting time. From now on we have the capacity to unify this show. This side of the chamber will be as one. This side of the chamber is, as you speak, working out the questions to ask you about how on earth you are going to be able to pay for this.

Senator Wong—Bring it on.

Senator JOYCE—And we will. We are looking forward to it, Minister Wong. We are looking forward to talking to construction, forestry and mining workers about your outcome for their world. We are out to try to get them more money. We are out to protect the dignity of their lives. You are out to take them on some fantastic trip, for what is left for them at the end of the day is poverty, destitution and an economy that is completely out of kilter with the rest of the world. That was your outcome. That is what you are going to deliver them. And they are a wake up to you. We are going to drive this agenda and we will drive it persistently and without query and without equivocation. Today is a good day, because the Australian people are going to see the debate, the debate on the technicalities, and how completely implausible this whole tax was. Today is the day that we start pointing out that you had this unitary outcome, a unitary decision on the price of a permit with apparently a multiplicity of baseline preambles.

Senator Wong—Er, er, er.

Senator JOYCE—I take the minister’s interjection because she is an angry lady today and therefore she goes for the ad hominem type of approach. That is disappoointing, Minister, because I thought better of you than to do things like that. But if that is the approach we are going to have—where they start ducking back to the ad hominem type of attack—and that is what you want to deliver, it just goes to show you the implausibility of your argument.

Senator Cameron interjecting—

Senator JOYCE—This is going to be a period of time where we will listen to Senator Cameron, and he will talk about—

Senator Cameron—You are absolute rabble!

Senator JOYCE—The only rabble, Senator Cameron, will be your support base. Your support base will be scattered across the Hunter Valley and across the Illawarra as we tell the workers of the Illawarra that we kept them in a job, as we tell the workers of Dawson that we kept them in a job, as we tell the workers of the Hunter Valley that we kept them in a job. What did they give to the Australian working family? The promise that they would put them out of work. That was the delivery that the Labor Party gave to the Australian working family. They said they would ease the squeeze. What a joke! They ease the squeeze for working families by putting up the price of power, putting up the price of food, putting up the price of everything in their life—and they have got no choice but to pay the tax. This tax comes from every corner of the house, and they know it. That is them easing the squeeze for working families!

Senator Cameron—When you give them Work Choices, Barnaby!

Senator JOYCE—as we go forward with this approach we will look forward to Senator Cameron explaining to working families how their massive new tax—

Senator Williams—Mr Temporary Chairman, I raise a point of order. Since the
arrival of Senator Cameron into this chamber it has been nothing but a rabble. I ask you to call him to order and let Senator Joyce continue his speech.

Senator O’Brien—On the point of order, I think Senator Williams frankly has a bit of a cheek after the performance of the National Party when various other people have been speaking in this debate, particularly the minister, in trying to rationally answer questions and having a filibuster going on here for days and days. We are 25 hours into this debate and we are about 15 per cent through the amendments. Senator Williams has the temerity to say that there is an interjection taking place to that absolute diatribe, which has got nothing to do with the amendment before the chair. Frankly, if you uphold the point of order I understand, but it is a point of order which is based on hypocrisy.

The TEMPORARY CHAIRMAN (Senator Mark Bishop)—All senators should conduct themselves at all times in an orderly fashion.

Senator Joyce—This amendment speaks to an increase from one per cent to five per cent. It follows the same rule and method as the Labor Party. You could think of it as an increase from one per cent to five per cent in unemployment or maybe a 20 per cent to 40 per cent increase in costs. Everything the Labor Party do, every suggestion they make, is an increase in costs to the working families of Australia, an increase in the probability that working families of Australia will lose their job, an increase in costs for farmers in Australia. It is the complete obstruction and letting go of pensioners in Australia, and you should be disgusted in yourselves. (Time expired)

Senator Wong (South Australia—Minister for Climate Change and Water) (10.21 am)—That was one of the louder contributions we have had in recent days, and the tone of it really underlines what has occurred inside the Liberal Party, which is that the extremists and climate change deniers have taken over the Liberal Party. Senator Joyce cannot disguise his triumphalism. The extremists who deny that climate change exists, the same extremists who delivered this country Work Choices, are now in control of the Liberal Party. If people want to talk about hypocrisy, Senator Joyce, who voted for those extreme industrial relations laws which stripped wages and conditions from working Australians, coming into this chamber and lecturing the Labor Party on protecting working families has got to be the height of hypocrisy. In this government’s term, of course, it was Senator Joyce and his colleagues who voted against the stimulus package, which was about supporting jobs and supporting continued economic activity in Australia at a time when we knew that the global financial crisis was threatening our economic growth. This is the man who now fashions himself as the defender of working Australians, the man who voted to strip wages and conditions from working Australians with Work Choices. You have no answer, Senator, on that point.

What is quite clear also from that rant—and I will come to the issue of climate science shortly, because what the senator is proceeding from is not a concern for working families. What he is proceeding from is that he does not believe that climate change is real.

Senator Joyce—I do not believe you can fix it.

Senator Wong—that is what he believes, and he should be more honest and come into this chamber and simply say that, rather than lying to this chamber.

Senator Joyce—Point of order—

The TEMPORARY CHAIRMAN (Senator Mark Bishop)—Minister—

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Senator Wong—I withdraw.

Senator Joyce—Thank you very much. You should withdraw that.

Senator Wong—I just withdrew. He has put forward to this chamber facts which are incorrect, over and over again, after I have told him on a number of occasions they are untrue. He says he is going to oppose what he calls this tax. Senator, do you know who pays most under this scheme? It is the big polluters. We are actually taking money from the big polluters by charging them for the first time in history for polluting, and then we are giving more of the money back to low- and middle-income Australia than it will cost those families. So we are taking from big polluters and giving to Australian families as we address climate change. So really the senator should be coming in here and explaining why he is standing up for the big polluters, because that is who is going to pay under this scheme.

He talks about pensioners, and I will put this on the record again, because if we are going to have this debate we should do so on the basis of facts, not fear and ranting. He claims that we are slugging pensioners. This is what the government has calculated this scheme will cost pensioners and this is what we are giving them. For a single age pensioner on the maximum rate, we calculate the average cost of living impact to be $286. The amount of assistance we are giving is $455. So, Senator, either you did not hear that the five or so times I told you that or you might simply not be putting what is factually correct on the record because you want to run a scare campaign.

There are three tactics that this senator and all those in the coalition who deny that climate change exists have engaged in. They either deny the science, they try and delay or they run a scare campaign. There are really only three tactics, and what we have seen over this last week and a half in the parliament is the same tactics over and over again. Senator, if you are going to talk about the level of assistance, you could at least do so on the basis of what is correct rather than continuing to put forward facts which I have now told you on many occasions are untrue.

I again say this: what is wrong with making the polluters pay for their pollution? That is the key question. What is wrong with that? Why has the senator got such an issue with trying for the first time to start to reduce the amount of pollution we put into the atmosphere by charging people for it? Why does he think people should be able to pollute for free? That is the question. Who is he really standing up for in this place?

We have had a lot of discussion in this country for a long time about climate change. I have said before that it has been 10 years since the first report was given to the Howard government on the prospect of an emissions trading system. As the senator knows, at the last election there was a policy supported by Mark Vaile, his then leader, Prime Minister John Howard and Mr Costello as Deputy Leader of the Liberal Party to introduce a scheme of the sort that is before the chamber. Is he saying that somehow John Howard before the last election was a rabid greenie? Is that really the proposition? Or is it just that Senator Joyce has decided that it is in his political interests to run this scare campaign to differentiate himself from the Liberal Party as it previously had a position on this issue?

I just remind the senator again why we are acting. He says we should not act because we cannot do anything. Well, I can tell you something: if we do not do anything, what we know is climate change will worsen. That is a fact. If we do not do something, climate change will worsen. If we do not do something, we are making an active decision to
increase the risk for our children and our grandchildren. That is what this generation of political leaders and community leaders would be doing—making an active decision to ensure our children and our grandchildren face higher risks. I do not think that is a responsible course of action and I do not think most Australians think that is a responsible course of action.

We know what the science tells us. We know that we face the prospect of irrigated agricultural production in the Murray-Darling dropping by over 90 per cent by the end of this century. We know that we have extended droughts and that the current extended drought in south-eastern Australia has been linked with global warming by the Bureau of Meteorology and the CSIRO. We have been told by those two agencies—Australia’s own Bureau of Meteorology and the CSIRO—that there will be up to 20 per cent more drought months over most of Australia in the next 20 years and up to 40 per cent in the next 50 or 60 years. We know that exports of our agricultural commodities, in the absence of action on climate change, are projected to fall by 63 per cent over the next 20 years. That is a 63 per cent reduction in Australia’s agricultural exports in the next 20 years. I do not understand how it is that a party that claims to represent regional Australia can come in here and argue for a do nothing policy on an issue that is going to have such an impact on the livelihoods and communities that they purport to represent.

The fact is that climate change is real and that we have an opportunity as a nation to contribute to confronting it. We have never said this scheme will fix everything. We know climate change is a global problem, but this plan enables Australia to be part of a global solution. It is about doing our fair share, because we can never get what we need—which is global action on climate change—if we simply sit back. It is just a sense of logic. If everybody in this world sits on their hands and says, ‘I will wait until the next bloke or woman acts,’ are we going to act? Is that the Australian way? As a nation we have always been prepared to do our fair share, and what we are putting forward is a plan that will enable Australia to do our fair share on an issue that we have such self-interest in.

I remind the senator again that of 8.8 million Australian households we will provide assistance through this scheme to 8.1 million—that is 90 per cent of Australian households. And yes, we are making polluters pay, and that is an economic change. That is a cost that is not there now, but why do we have to do that? Because we will not change, and we will not reduce what we are putting into the atmosphere unless we start to put a limit and a price on it. We know that if we continue business as usual we are making an active decision to make things worse for ourselves, our children and grandchildren. We are making an active decision to ensure climate change worsens. How is that responsible?

This generation has lost the opportunity to stop any climate change. We have lost it. We needed to act earlier than we have done. We have a small opportunity as a generation of political leaders to reduce the risk and it is a very small opportunity, because if we do not act within the next few years as a globe we will not be able to hold temperature rise to close to two degrees, and we know what the scientists tell us will happen if that occurs. How is it possible that we should simply turn our backs on that responsibility? That is what Senator Joyce is advocating, and he is advocating it not on the basis of sound science and sensible policy discussion but on the basis of that rant—that scaremongering and fearmongering campaign. It is always easier in politics to scare people. It is always easier in politics to run a scare campaign to frighten
people. It is much harder to say, ‘No, we want you to do something hard because it is the right thing to do by the nation and for the country’s future.’

But that is where this government stands. We are focused on doing the right thing by this nation and the right thing for the future. Those over there are the extremists who brought us Work Choices and who do not believe that climate change is real. They have demonstrated by their actions in these last days that they will do and say anything, including tearing their own party apart, rather than act on climate change. That will be forever to their shame.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (10.33 am)—Let us just deal with the minister’s misrepresentations on behalf of her party. They talk about a 90 per cent reduction in irrigated agriculture. Is the Labor Party’s massive new tax going to fix that? No, it is not. They talk about a 63 per cent fall in agricultural exports—because they just say it. Is the Labor Party’s massive new tax going to fix that? No, it will not. They talk about extended droughts. Will the Labor Party’s massive new tax for pensioners, farmers and working families fix that? No, it will not. They always ignore the science that Australia cannot do anything by itself, and every time they get themselves into a corner they come up with the calamitous statement and the extrapolation to try and justify what is only a massive new tax on Australians.

This is what will be fleshed out. We will ask the questions and it will go on and on and on. Every time you say a calamitous statement, Minister, we will say, ‘Are you going to fix it?’ Because they are not; they are just going to collect the tax. Let us look at it: they are talking about a five per cent reduction, in a nation that only produces 1.4 per cent of emissions, on anthropogenic carbon emissions which are only three per cent—the other 97 per cent coming from natural sources—from carbon dioxide, which itself is only 380 parts per million. So they are going to change the air you breathe by this factor: 0.0000000978 of one per cent. That is why you are going to get this massive new tax that will make your families poorer.

It is interesting to note that throughout the minister’s speech the rest of the chamber was quiet, because we have dignity and we will conduct this debate in such a way—

Senator Cameron—With dignity? You’ve got to be kidding.

Senator JOYCE—as to clearly explore the facts. And once more Senator Cameron launches in. The Labor Party talk about unilateral action.

Senator Cameron—So much dignity! You’re carving each other up!

Senator JOYCE—That is Senator Cameron, for all of you out there listening. He interrupts all the time. They talk about unilateral action as if Australia has to do something by itself. Is the Labor Party now saying that they are going to take unilateral action against the atrocities in Zimbabwe? Is Australia going to conduct unilateral action against the Janjaweed in the Sudan? Is Australia going to conduct unilateral action against the junta in Burma? Is Australia going to conduct unilateral action in removing nuclear weapons from North Korea? What other sorts of mad unilateral action is the Labor Party implying we need to take? The fact is that these actions have ramifications. It has huge ramifications for our nation when you are so conceited and so self-indulgent that you would go down a path without taking the globe with you. That is what the Labor Party is doing, and every time they get into a corner the minister pipes up with some calamitous statement to try, with guile and cunning, to take the Australian people away
from the scientific facts that I have just given you—that we cannot change anything by ourselves. We have to be part of a global solution, if a global solution is what you want.

The minister talks about the scare campaign on this side of the chamber. Who has been the grand architect of scare campaigns, of fear mongering? It has been the Labor Party. Who has been telling you the stories about Greenland thawing and then trying to imply that Australia’s new tax is going to fix it? The Labor Party. Who has talked to you about extended droughts and then implied that its tax would fix it? The Labor Party. Who has talked about bushfires and then implied it has some connection to Labor’s massive new tax? The Labor Party and Minister Wong. Who has talked about icecaps melting and then tried to imply to the Australian people that its massive new tax will have any hope—whether it is correct or not correct—of ever changing it? The Australian Labor Party.

It is the Australian Labor Party who have been the grand architects of a fear campaign, and they are doing it to try, with guile and cunning, to get the Australian working family to accept this massive new tax in their lives in perpetuity—because that is one thing that will not change. This tax will be there forever. It will become a property right and you will not be able to compensate those who have purchased the property right. So the tax is there forever. The climate will go along on the same trajectory regardless of this infliction of self-indulgent, unilateral action by the Labor Party, brought on board by the left wing of the Labor Party—because we know that within the Labor Party itself there are many in the right wing who just do not believe in this.

It is not a case of believing or not believing in climate change. That is another debate entirely. It is a debate for the scientists. This is a debate on economics and this is a debate on reality. It is a debate on the economics of whether the nation can afford this. Are we prepared to put these people out of work? Are we prepared to put these costs on pensioners? I note with interest the Labor Party’s modelling. But we have been pulling holes in that already. The Labor Party’s modelling is hopeless. Their modelling as it stands, as espoused by Frontier Economics, is $2½ billion wrong right now. With the amendments it is $3.7 billion wrong. The Labor Party modelling has holes all through it, and these holes will become more present. You would have noted through this debate with the Labor Party that when they cannot answer a question the minister just sits down. She does not bother getting up to answer it; she just sits in her seat and lets it go through to the keeper. She does not believe that the Australian people deserve the respect of an answer. So when the questions are too tough she just ducks for cover.

Let us ask the minister some very simple questions. Minister, what amount in parts per million will the Australian scheme reduce carbon dioxide in the atmosphere by? I will ask again: what amount in parts per million, Minister Wong, will the Australian scheme reduce carbon dioxide in the atmosphere by? Now, you watch while the minister does not answer this question. She cannot. She is the one who says that the mantra of her debate is one of science. Surely we would expect the minister to be able to answer a simple question like that. She will be able to tell you how much the tax is going to be. She will be able to tell you how much the permits are going to be. She will be able to tell you how much money she is going to rip out of your pocket. But she cannot tell you how many parts per million this scheme will reduce carbon dioxide in the atmosphere by.
Let us ask the minister: how much will the Australian scheme cool the temperature of the globe by? There are many things I could say about the minister. I respect her as a person. I think she is a decent person. But her premise is that this is an argument about global warming. We would all agree on that. Therefore, I ask the minister this: how much will the Australian scheme reduce the temperature of the globe by? Surely we should be able to answer that. But you wait and you listen very closely to her answer. She will not answer that question. It will become yet another answer like this: ‘I’ll give you the answer. It all depends. The fact of the matter is that there are other nations that are part of the scheme. If A becomes B and B becomes a carrot and we all go home on Friday afternoon and go to the beach on the weekend, things may be different, but that depends.’ That will be the answer. But there will not be the decisive answers that these questions require.

They lack the decisiveness to give answers. That is the Labor Party’s problem. They are very good at the guile and cunning, the art of the serpent, to try and inflict you with a sense of moral outrage, to inflict you with a sense of turpitude and to inflict you with a sense of impending cataclysmic disaster—which somehow the Australian people are solely responsible for, and therefore, we must solely be afflicted with this tax that the Labor Party will place on us to fix it. But, as I said before, the gig is up. The Australian people have woken up and said: ‘Minister, you cannot answer the decisive questions and Kevin Rudd cannot answer the decisive questions. You can give us speeches of soaring rhetoric about the inflictions of climate change and you can roll out the reports of all the calamitous things that are about to happen, but you cannot answer the decisive questions, the core questions.’ How many parts per million will the Australian scheme reduce carbon dioxide in the globe by? No, they will not answer that. How much will this reduce the temperature of the globe by? They will not answer that. Surely the Australian people would have to think that is the crucial question that must be answered to give validity to the Australian Labor Party’s massive new tax. But these things do not happen.

They go back to the issue of our policy at the election. Might I remind the Australian people and the Australian Labor Party that we lost the election. Therefore, if the premise of the election was our ETS, it was not accepted by the Australian people. I might say that it did not do much good, because we lost the treasury bench. When you lose an election, surprisingly enough, you change your policies. That is not unusual for a party that loses an election. But I concur with you. If you believe that the premise of our election was an ETS and that was a vote by the Australian people then it would follow that the Australian people have voted against the ETS. It would stand to all reason.

The Liberal Party and the National Party have changed our positions. We recognise the mistakes that we have made. We made a big mistake. We recognised that. We have changed. We recognised the great mistake of the self-indulgent policy of inflicting a massive new tax on Australian working families, on pensioners, on people who are struggling and on business and putting Australia at a disadvantage. That is what an ETS unilaterally imposed on Australia would create. So we reacted and changed.

The minister talks about the modelling. Do you know that we have not had one day on modelling? There is an $8.5 billion increase in costs and a $5.5 billion increase in savings in these amendments—and those savings came off households; they came off working families. That is where the $5.5 bil-
lion came from: the money that they were going to give in compensation to pensioners. That is where it is coming from. But we have not had one day of an economic inquiry into this—not one; not one hour. With $8.5 billion worth of extra costs and $5.5 billion worth of savings—a quantum of $14 billion that we should investigate—we have not spent one hour in an economics committee to look at it. Acting like that is a profligate waste of the money of Australian taxpayers. You cannot do that.

Why do we have to pass this now? We are merely days away from Copenhagen. We have the capacity to have an inquiry. But they do not want an inquiry. Do you know why they do not want an inquiry? So they can stand behind and say that the figures are right. But we have never gotten the chance to check the figures, because they will not allow us to check the figures. They vote against the inquiries; they vote against getting truth, honesty and transparency into this debate. But in approximately 2½ minutes, you are going to hear another rendition of statements on galactic calamity. They are going to come. At the back of them will be the idea that the Labor Party must inflict on you all this massive new tax. We need to keep the Labor Party honest and drill down to one thing: will their tax change the temperature of the globe and, if so, by how much? If they cannot answer that question then they are not being honest with you. That is the position.

That is why the National Party from the word go has been so vigilant in trying to protect the Australian people from this. That is why our Liberal Party colleagues have been coming on board with us. That is why we will have absolute unity here on the coalition side of politics as we hold the Labor Party to account and deal with this issue. We are quite happy with whatever dice you decide to roll. If you go to the Australian people in an election, we will use Paul Keating against you. We will say, ‘If you don’t understand the tax, don’t vote for it.’ The Labor Party cannot tell you exactly how this tax is going to do anything to the temperature of the globe by itself. They aspire to grab America and China. There is a very good argument for us to do this if America and China bring in something—not a statement or targets but a legislative outcome. You have to remember that, of all the people who signed up to Kyoto, hardly any of them abided by it. It is all very well to make soaring rhetorical statements; it is something completely different to abide by it. What happens if they do not is that we will go way out on a limb where the people who will be afflicted will be Australian working families, Australian farmers, Australian pensioners and Australian small businesspeople. We cannot do that to them.

In closing, I ask the minister two very simple and decisive questions: what amount in parts per million will the Australian scheme reduce carbon dioxide by and how much will the temperature change as a result of the Australian Labor Party’s emission trading scheme?

Senator Wong (South Australia—Minister for Climate Change and Water) (10.48 am)—This scheme is about Australia doing its share to tackle climate change. The senator may laugh and roll his eyes, but this is about us doing our part. We will not tackle climate change without a global agreement but we will not get a global agreement if Australia is not prepared to stump up. The reality is that what the senator is actually arguing for is Australia not doing our part. The reason that he is doing that is that he does not think that action on climate change is important.

I can tell you what we know absolutely for sure, Senator—apart from the fact that you will vote against this legislation no matter
what. We know that without action by Australia and by everybody else, we face the risk of temperature rises in excess of six degrees this century. Professor Garnaut’s no mitigation scenario—that is, no action; the ‘do nothing’ scenario—had the globe in excess of 1,500 parts per million in this century. So in excess of 1,500 parts per million in this century and in excess of a six degree temperature rise. In the face of that, you say, ‘Do nothing.’

The senator also suggested—again inaccurately—that the government has not been willing to have inquiries. Since our election, there have been some 13 inquiries by the parliament either into the CPRS or into related climate change matters—some 13 in two years on one topic, climate change. We put a paper out in June or July 2008, the green paper, proposing what the government was going to do. We consulted widely. We put out a white paper, which is a policy position, in December 2008. We put out draft legislation in March that went to a Senate committee. In May, in the budget session, we brought the legislation that is now before the chamber into the parliament. There have been many inquiries and there has been a lot of talking. One thing that everyone knows for sure is that no amount of talking, no number of facts and no amount of discussion or argument will change Senator Joyce’s mind. He simply does not want to take action.

We have never pretended that we can wave a magic wand to fix climate change. He knows that. This is hard work. This plan is about Australia doing its part. And, yes, we absolutely need a global agreement. But he also knows that other countries are acting. He does not like to remember that. He has tried to dismiss the targets announced by the President of the United States by saying that it was only a press release. This is a statement from the President of the United States.

He knows that Europe has committed to targets. He knows that Japan has committed to targets. He knows that New Zealand has a scheme in place. He knows that other countries are acting. But that is not a fact that he wants to cloud his diatribes.

The reality is that this generation has to decide whether it is simply going to handball the problem down the track. We do not believe that that is the responsible thing to do. I notice Senator Joyce scribbling over there. I am going to keep my remarks short in an attempt to allow Senator Milne, who has an amendment before the chair, to speak to her amendment, given that he and I have had a fair go at this. After some 25½ hours in the committee stage of the debate, I respectfully suggest we could move to discussion on the amendment.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (10.53 am) — Give me two minutes and then, to assist Senator Milne—

Senator Milne—I rise on a point of order. Mr Chair, with respect, I do not think this has been handled in a very fair way. It is now 55 minutes into my amendment. I was very brief in moving my amendment—five minutes at most—and there has been a filibuster on both sides, with one responding to the other. Either we have a filibuster, and I get my 20 minutes to filibuster, or we move this amendment and debate the science, where we might have a more lengthy discussion. I do not think it is fair to just keep going backwards and forwards between the coalition and the government.

The TEMPORARY CHAIRMAN (Senator Mark Bishop)—There is no point of order, Senator Milne; you know that.

Senator JOYCE—With respect, I will be very brief. I just want to get a few things clearly on the record. There you have it: we asked two simple questions about how much,
in parts per million, the Australian scheme will reduce carbon dioxide in the atmosphere by. And you saw it: the minister did not answer the question. She did not answer it. I told you that she would then go on to make calamitous statements. And what did she do? Precisely that: she went on through a whole diatribe of calamitous statements.

We asked another simple question on behalf of the Australian people: how much will this reduce the temperature of the globe by? I told you that she would not answer the question. I put the question forward and you all heard it. Of course, she did not answer the question. Ladies and gentlemen, members and senators and whoever is listening out there, that is the course of this debate. Now you are starting to understand how we see it. Now you are starting to understand how the Labor Party just do not answer the questions. All they give you are emotive statements to try, by guile and cunning, to get this massive new tax in place.

The minister then went on to the statements about Garnaut and the proposition of temperatures increasing by six degrees. I am not a scientist. I am not here to discuss that. I listen to scientists. I listen to the balance of opinion. But now we have also seen, from the East Anglia Research Unit—where we have Professor Trembath, Phil Jones and people who are at the very top, who are the grand architects of the papers that determined the IPCC’s approach—their absolute misleading of people. And when John L Daly died in Launceston in 2004 Professor Phil Jones said that he cheered. He cheered that a sceptic had died.

So this is the other side of the debate that I am happy for the scientists to have. But we have put the questions to the minister and the Australian people now have it on the record. Nothing needs to be said except that the minister will not answer the questions.

The TEMPORARY CHAIRMAN—We are dealing with Australian Green amendment (12) on sheet 5786.

Question negatived.

Senator MILNE (Tasmania) (10.56 am)—by leave—I now move Australian Greens amendments (13) to (16) on sheet 5786:

(13) Clause 14, page 35 (after line 8), after paragraph (5)(a), insert:

(aa) must have regard to the principle that reducing the atmospheric concentration of greenhouse gases to 350 parts per million of carbon dioxide equivalence as quickly as possible is in Australia’s national interest;

(14) Clause 14, page 35 (lines 14 to 17), omit subparagraph (5)(c)(i).

(15) Clause 15, page 37 (after line 8), after paragraph (4)(a), insert:

(aa) must have regard to the principle that reducing the atmospheric concentration of greenhouse gases to 350 parts per million of carbon dioxide equivalence as quickly as possible is in Australia’s national interest;

(16) Clause 15, page 37 (lines 14 to 17), omit subparagraph (4)(c)(i).

I did not call a division in that last vote but I note that it was only the Australian Greens supporting that amendment.

These are absolutely critical amendments and they go to the heart of the discussion that Minister Wong and the Leader of the Nationals in the Senate, Senator Joyce, were having a moment ago. They relate to the science, because these amendments insert into the legislation a mandatory requirement to take into account optimal atmospheric concentrations of greenhouse gases. The actual amendments insert that the minister ‘must have regard to the principle that reducing the atmospheric concentration of greenhouse
gases to 350 parts per million of carbon dioxide equivalence as quickly as possible is in Australia’s national interest. So the minister must have regard to that principle that 350 parts per million CO2e is in Australia’s interests.

This is absolutely critical because, tragically, what we have in this debate in Australia are the climate sceptics who deny the climate science. They are deniers, actually, not sceptics, because sceptics ask the questions to test the substance of the argument and then, if they are persuaded, they change their minds; if not, they have a sceptical position. Deniers are people who cannot challenge the science but just deny its reality. Tragically, the media has confused the national view of scepticism with climate change denial. What we have here is climate change denial, because if you really believed in climate change then you would know that in climate change then you would know that we are in a global climate emergency and we have to take emergency action.

Equally problematic—in fact, more insidious, I think—are the people who know the science and who do not have the courage to do what the science demands. That is the position of the government. And it is not just the Australian government; it is the government of the United States and most governments in the developed world. They use the rhetoric of the climate crisis and they use it very well. The minister is quite right to say in the chamber this morning that there is a small window of opportunity to reduce the risk of catastrophic climate change. Absolutely right—there is a small window of opportunity to reduce that risk. But symbolic action out of step with the scientific projections of looming climate tipping points does not cut the mustard. None of the targets are anywhere near the minimum effort required to reduce increasing emissions and deforestation globally.

The government should have the honesty to say to the Australian people that the science demands that we reduce greenhouse gas emissions in the atmosphere to 350 parts per million CO2e to reduce the risk of going beyond two degrees above pre-industrial levels to less than 50 per cent. That is not a matter of opinion; that is what the science says. It is what Graeme Pearman and James Hansen say. Scientists throughout the world are now saying that 350 parts per million is what we should be aiming for, and our policies should reflect that.

We have national leaders standing up and saying: ‘We have a climate crisis. The Great Barrier Reef is at threat; the Murray-Darling Basin is at threat.’ That is all absolutely true, but the action they are proposing will not do what it takes to prevent a climate catastrophe. That is the issue. Would you get on a plane if there was a more than 50 per cent chance of it crashing? Of course you would not, yet the government is asking us to believe that locking in targets out to 2020 which deliver us a greater than 50 per cent chance of going beyond two degrees, driving us into the high-risk scenario of going over the tipping points, is an acceptable response to climate change.

I do not know whether it is more dangerous to have climate deniers or to have people who say climate change is real and try to pretend that the action that they are proposing is anywhere near what is required to address the problem. You might say: ‘Well, at least they acknowledge it is real. That is a start. And they are doing something.’ But what they are doing is locking in failure to reduce emissions by the level that is required to avoid the tipping points. That is not just my view; it is the view of Sir David King, adviser to the British government; Sir Nicholas Stern, who brought out that incredible report on the economics of climate change; and Kofi Annan. All of those people are now...
saying that it is better to give ourselves a chance of getting a realistic target than to lock in a weak target and guarantee we go over the tipping points.

Let me go through the tipping points. The first tipping point that people think we are very near, if we have not already passed it, is in relation to the Arctic summer ice. We are going to lose the Arctic summer ice sometime between 2015 and 2025 if things continue as they are. That means we will have increased warming of the oceans through thermal expansion, and we do not know what it will do to the great ocean conveyor, the thermohaline conveyor. We cannot know that. If you lock in weak targets and massive compensation to the coal-fired power stations such that there is not the transformation to 2020, you are locking in failure. You are locking in going beyond those tipping points, and we cannot take that risk.

I want the minister to acknowledge to the Senate and to the Australian people that her target of a five to 25 per cent reduction on 2000 levels, which is actually a four per cent reduction, gives us more than a 50 per cent risk of going beyond the tipping points, pushing us over into catastrophic climate change. That honesty is required here. The hypocrisy of the government position was highlighted by the Prime Minister at the Pacific Islands Forum. The Pacific Island countries wanted to put in the communique a 40 to 45 per cent reduction in developed country emissions by 2020, and the Australian Prime Minister blocked it, as did his New Zealand counterpart. They did not want the Pacific Islands to put that in, and the Pacific Island countries have adopted a 350 parts per million CO2 target.

Also, we have just had CHOGM. At the CHOGM meeting there was a communique again. What happened there was a rerun of the Pacific Islands Forum. I read from an open letter from 26 environmental groups, and I agree with their position:

The most recent credible assessments of climate change impacts make it clear that reaching climate temperature goals by 2050 is decades too late …

They are arguing for the 350 parts per million. The communique that came out from the Commonwealth Heads of Government Meeting said:

We stress our common conviction that urgent and substantial action to reduce global emissions is needed and have a range of views as to whether average global temperature increase should be constrained to below 1.5 degrees or to no more than two degrees Celsius above pre-industrial levels.

That difference of views reflects the difference between the developing countries in the Commonwealth and the developed countries in the Commonwealth, in particular Australia and New Zealand. I do not know what Prime Minister Rudd’s contribution was, but I can tell you now: he would have been blocking the 1.5 degrees being the consensus position out of that communique, and would have been arguing for no more than two degrees, because that is the position that he has taken here with his legislation.

I really want to stress here that what we are looking at is a question of risk. It is not about making the perfect the enemy of the good; it is about making the necessary the enemy of the convenient or the politically expedient. That is the point here. We have political expedience rather than science. And I think it is time we heard the government actually acknowledge that. Instead of standing up and saying, ‘Your party has a view; the government has a different view,’ why don’t we just have a straight exchange on what the scientists say? Let us have an acknowledgement from the government that to aim for 350 parts per million reduces the risk of exceeding two degrees to less than 50 per
cent; that the government’s commitment of a minimum five to 25 increases the risk of going beyond two degrees—in fact, I would argue, it drives it over two degrees and drives us towards the tipping points.

The second tipping point that I am going to mention, after the arctic ice, is ocean acidification. That is the next one that the scientists are worried about. They argue that 450 parts per million is the tipping point for acidification. That is what the government thinks is a safe level, but it is a tipping point where you have the oceans turning acid to a point. Microscopic creatures that have shells lose their calcium carbonate shells and cannot form new shells at atmospheric concentrations of 450 parts per million or greater. There is scientific proof that is occurring. If you cross that tipping point, you lose the ocean food chain, you lose biodiversity and millions of people around the world—billions, in fact—who rely on the oceans as their source of protein will suffer as a result of that shift.

This is a critical tipping point. We cannot take these risks of exceeding what the scientists tell us gives us a chance—not a guarantee, a chance. Three hundred and fifty parts per million CO2e gives us a greater than 50 per cent chance of avoiding catastrophic climate change. I for one would not get on an aeroplane with a 50 per cent or greater chance of it crashing. And I am not prepared to get onto a piece of legislation that gives us a 50 per cent or greater chance of going to catastrophic climate change and locking that in, when we know what we have to do and we know we can do it.

James Hansen, a very well known scientist in America—he was the one who really blew the whistle on the fact that 550 parts per million was completely useless, that 450 increases the risk way too much and that we should be going to 350—has just put out an opinion piece, which is basically talking to the future. In that piece he quotes his five-year-old grandchild, who says: ‘I don’t quit, because I have never-give-up fighting spirit.’ The Greens have that never-give-up fighting spirit, and we will not run up the white flag, as the government is doing in the Copenhagen negotiations, as President Obama is doing. They have run up the white flag of political expediency. They know what the science is. They know what they need to do to address the science. But they do not have the political courage to actually tell people the truth about the fact that we are in an emergency, that we need emergency action and that what they are proposing locks in fossil fuel power till 2020. In the Australian context it locks in coal fired power and billions to the polluters to keep them there, and it takes us beyond the tipping points. (Time expired)

**Senator Wong** (South Australia—Minister for Climate Change and Water) (11.12 am)—The Senator urges me not to try and do what I usually do in terms of courtesy—acknowledging we have a different point of view—and just wants me to debate the issue. I will do that. She says this is about locking in failure. I say to the Greens party: locking in failure is voting with the extremist right, the extreme climate change deniers in the coalition and in Senator Fielding, against action on climate change. Senator Milne says she would not get on a plane with a 50 per cent chance of crashing. You do not even want to start, Senator. You know that, without this legislation, Australia’s emissions will continue to rise.

**Senator Milne**—Madam Temporary Chairman, I rise on a point of order. The minister has misrepresented the Greens by saying that we do not wish to make a start. I would like her to withdraw that, because she has opposed every effort to get strong targets.
The TEMPORARY CHAIRMAN (Senator Troeth)—That is not a point of order, Senator Milne.

Senator WONG—I will not withdraw that, Senator, because you sat on the side of the chamber with Senator Fielding and Senator Joyce against action on climate change. You can talk all you like about all the bad things about the Labor Party and the government, but that fact is a fact of history—and you will do it again, no matter what we do in relation to this bill. You are so focused on not giving money to the electricity sector, and you brush aside the issue of energy security. You are so focused on trying to differentiate yourself from the government that you refuse to vote for action on climate change. We can debate about this endlessly, if you wish. We do have a view as a government. As a government we acknowledge the science, which is why we are acting. We also believe we have to put forward targets that are ambitious, credible and achievable.

I will remind you what we are debating just so that people are clear on it. The government’s legislation—and we are talking about a parts-per-million clause in the objects clause, and as people will know that is an indication of how much carbon is in the atmosphere—talks about an objective of 450 parts per million of carbon dioxide equivalent or lower. Senator Milne says that if we do not put in the word ‘350’ she will vote against the bill. Just to be clear what we are talking about: we are saying 450 ppm or lower; Senator Milne and the Greens want 350 ppm, which is in fact, and regrettably, an atmospheric concentration the world has already passed.

In terms of the advice to me, or the position of the government, I will just make a couple of points. The only factor to which the minister must have regard under the current legislation is to the international obligations that the nation has agreed to through the United Nations Framework Convention on Climate Change and the Kyoto protocol. It is the government’s view that it would be problematic to place a legal duty on the minister to have regard to other matters on a mandatory basis, such as the stabilisation of atmospheric concentrations of greenhouse gases. This may suggest that these other matters are equally significant to, or can be balanced against or limit the implementation of the international agreements. It is also the government’s view that this would weaken constitutional support for the bill.

The proposed amendment may also create a precedent to have other factors mandatorily taken into account when setting the scheme cap, which could also weaken constitutional support for the bill. Further, amendments that oblige the minister to have regard to other factors will increase the risk of judicial review. This would be undesirable given the importance of certainty in relation to scheme caps.

That is the view of the government. We will not be supporting this amendment. We have already clearly stated as a government that stabilisation at 450 parts per million or lower would be in Australia’s national interest. That obviously can only be achieved through ambitious global action. We again say that what is critical in terms of the legislation before the chamber is that Australia starts to reduce emissions. Every year of delay makes more ambitious targets more difficult. Every year of delay makes the economic change that we have to engage in more expensive. Every year of delay means that we are less likely to reduce our contribution to climate change.

Senator XENOPHON (South Australia) (11.17 am)—Can I indicate that I will support this amendment. I understand the minister’s arguments, but I think that from a risk
management point of view we ought to do everything possible to reduce emissions. I note that there is a growing body of scientific evidence that says that you need to go below 450 parts per million. I note what the minister has said in terms of every year of delay making the task more difficult. I think that is pretty axiomatic—it is quite clear. The fact is—and this is not a criticism of the minister or the government—the government made a policy decision earlier this year to delay the implementation of the scheme until 1 July 2011. I think we do still have a window in terms of the policy framework. The minister knows and will hopefully discuss this later today in terms of the best model to achieve those reductions. But I think that if the scientists are saying 450 parts per million will not reduce the risk anywhere near enough then we ought to aim for a more ambitious target. If the wording was ‘may have regard to the principle’, so that it is a guiding principle and not a mandatory one, I wonder whether that would in any way change the government’s view in respect of that. If it were ‘may’ rather than ‘must’ it would at least be something that is considered in a policy framework. I ask whether that would make any difference to the government’s position in relation to that.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.19 am)—That has never been put to me, Senator—

Senator Xenophon interjecting—

Senator WONG—I do not think that is the Greens amendment. But I make the point that the position is already 450 parts per million or lower. I again ask this: given what has to occur for us to reduce our emissions, it requires action. Writing numbers down on a piece of paper without a scheme being in place has no effect on the climate.

Senator MILNE (Tasmania) (11.20 am)—I remind the minister that she said ‘I will be sitting on the same side with Senator Fielding and Senator Joyce.’ That is quite right. It is the same as the fact that she will be sitting on the same side with Senator Fielding and Senator Joyce in rejecting the words ‘must consider a 350 parts per million target’. She did sit there in rejecting the 25 to 40 per cent range that the Bali roadmap suggested. She also sat with them in rejecting the Greens gross national feed-in tariff for renewable electricity. She has sat with them on every single action the Greens have taken in terms of stopping the logging of the greatest carbon stores in the Southern Hemisphere. The Greens have been moving time and time again by way of amendment, by way of private member’s bills and by way of every which way to get action on climate change.

This exposes the problem here for the government. They say that action on climate change equals the Carbon Pollution Reduction Scheme, and that is what is completely and utterly wrong. Action on climate change is a whole-of-government approach and it does not exist in the Rudd government. You have Minister Ferguson out there wanting to liquefy coal as a transport fuel. How outrageous is that in a greenhouse world? You have him giving extra exploration permits to the company that is responsible for the largest oil leak off the Australian coastline in Western Australia. You have no mandatory vehicle fuel-efficiency targets, which the Greens argued for until we were blue in the face. That has been rejected by the government, by Senator Fielding, by Senator Joyce and by the entire coalition.

The Greens have argued for a massive investment in public transport. In the stimulus package the Greens got $40 million for cycleways around Australia and an undertaking from the Treasurer that we will get more
money for cycleways, because they are essential. It is the Greens that moved for the retrofitting of all Australia’s homes with full insulation, double glazing and solar hot water. It is the Greens bill on energy efficiency for commercial building that has been picked up by the Rand Corporation in the US and identified as the best legislation in Europe and Australia in terms of responding to energy efficiency. So do not let us have a complete and utter nonsense statement that action on climate change is represented by the Carbon Pollution Reduction Scheme and therefore the Greens are opposed to action on climate change.

The Greens want appropriate action on climate change. Let me put it to you this way, Madam Temporary Chair: if you have a cancer patient in front of you and you say, ‘I’m going to give you an aspirin and you take that for six months and you’re not to take any other treatment—that will do the trick’, that person will probably get themselves into a position where their disease is so advanced there is nothing you can do about it and you realise it is beyond repair. That is the point for the planet—what the government is doing is proposing an aspirin when we have an emergency that requires emergency action. If you say, ‘You may only take this aspirin, we do not intend doing anything else and you cannot do anything else till 2020’, then you are guaranteeing failure.

That is the point here—the minister is ruling out protecting Australia’s forests, dead flat; gone are all of the opportunities for carbon stores. She has voted against a gross national feed-in tariff that would bring on geothermal, solar thermal and wave power; that would see renewable energy come into its own. She has refused to fix up the renewable energy target. When I moved to bring it back here it was rejected by the government—sitting with, I might add, Senator Fielding and Senator Joyce. Apparently that is untenable, but she sat with them in relation to the renewable energy target and now we have a scenario where half of that target will be met by solar hot water, heat pumps and the multiplier on photovoltaics, and you will not have the expansion in renewable energy that everybody thought you would have—and, what is more, we will lose jobs.

The Greens again pointed out the problems with the Green Loans Program. We have a government that is not prepared to act on transport. What have they done in this scheme? They have put transport in and then taken it out again; put it in and then neutralised the price signal. That is not action on climate change. Let me look at coal-fired power. They have given the industry $7.3 billion on a five per cent reduction below 2000 levels and refused to tell this parliament how much more they will get if we go to a 15 per cent reduction or even to a 25 per cent reduction. If you extrapolate the figures you are talking mega-dollars. As many of the analysts have said, this provides Australian coal-fired power with a surety out to 2020. Why does that matter? It matters because 50 per cent of emissions in Australia come from the electricity sector and we are talking about coal-fired power. On the very same day that the Carbon Pollution Reduction Scheme was introduced into the House of Representatives, was the Prime Minister there talking about the climate emergency? No, he was not. He was in the Hunter Valley turning the first sod on the coal railway and new port so that we can expand coal exports by three times.

So, Minister, before you come in here and try to suggest that your scheme represents action on climate change, explain why you are supporting a trebling of coal exports; explain why you went and did a deal with the coalition that guarantees coal compensation when there is not one skerrick of economic argument to support it—not one. Not one
economist would put their name to a document in any shape or form that argues it was a reasonable thing to give those free permits to the coal-fired power stations. Minister, I heard you ask earlier, in response to Senator Joyce, what is wrong with polluters paying for their pollution; why should they pollute for free? Well, absolutely, and so why are we giving free permits to coal-fired generators when there is not one skerrick of argument for it? We are giving them $7.3 billion and that is taking money out of household compensation that has been adjusted downwards to completely compensate for the increase. As I said, this is for only a five per cent reduction, which is the only thing the government realistically has on the table. The minister’s legislation says the minister may take into account 450 parts per million. I say the minister must take into account a trajectory of 350 parts per million.

This again comes back to the Copenhagen talks. People say Australia must have this legislation before Copenhagen. As Sir Nicholas Stern, Kofi Annan, David King and the Greens say—all of us on the record as supporters of action on climate change—it is better not to lock in something bad; it is better to give ourselves time to agree on something good. Copenhagen needs to agree to ambitious targets, and those targets have to represent the science and be real. That is why developed countries need to have 40 per cent emission reductions by 2020 below 1990 levels on the table in Copenhagen to give enough headroom for the developing countries to expand. The minister acknowledges the principle that developing countries need the headroom to expand. Yes they do, and in order for that to happen we have to take the deeper cuts—we in the developed countries who are historically responsible for the emissions, who have the capacity to take the cuts and in whose interests it is to take them as well, not just in a climate sense but also in an economic sense. It will drive the new manufacturing, the new jobs. By locking in the old economy there is a huge opportunity cost to Australia that rips out the potential for manufacturing in the whole of the new green jobs economy that we were all so excited about developing but which will not develop, will not occur, under the minister’s legislation.

On the issue of the science, again I put to the minister: will she concede that scientists—including James Hansen and Graham Pearman—are all now saying that 350 parts per million is what we should be aiming for to reduce the risk of going beyond two degrees and therefore catastrophic climate change? If so, isn’t it true that she has taken a politically expedient position—not a courageous position and not a position on the action that is required—that will undermine an agreement in Copenhagen? Why will it undermine it? It is exactly because of what I said on the Commonwealth communique of the weekend. If you have the developing countries saying, ‘We want 1.5 degrees and 350 parts per million,’ and the developed countries saying, ‘We are not going to do that because we are not prepared to commit to those cuts,’ you are very unlikely to get a global treaty. Secondly, if you do not have specific amounts of money on the table for the developing countries for mitigation and adaptation, you are also undermining Copenhagen.

Australia has taken both of those positions. We have not set what money we are going to put on the table for the developing countries. Minister Wong sat with Senator Fielding and Senator Joyce in voting down part of the object clause that said we had an obligation to pay money to those developing countries. We did not put a figure on the table. President Sarkozy and Gordon Brown have put money on the table. Prime Minister Rudd is happy to say, ‘Yes, there should be a fast-start-up fund,’ but will not say what Aus-
Australia is putting on the table with regard to its fair share, will not say how we are going to fund our fair share of a fast start-up or long-term financing and will not say whether that is in addition to our overseas aid and Millennium Development Goals money. We have to say, and put it on the table right now, that it is additional to that.

This is the pointy end of the business now. Copenhagen will not get a treaty unless the developed countries get real about the level of emissions cuts and about the money on the table. If we lock in this scheme before Copenhagen, Australia will undermine the capacity to get a global treaty with targets that give us a chance of reducing our risk to below 50 per cent of going beyond the two degrees. That is the reality of this. You cannot dodge the science. As I said before, I am not sure which is worse: people who deny climate change or people who use the crisis rhetoric of climate change but refuse to take the crisis action that will deliver the outcomes.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (11.32 am)—I am going to follow up on what Senator Milne has so cogently put. Because we have had a change in the coalition leadership today, which is extremely important not just to this clause but to the whole bill that we are dealing with, the question I would also like the minister at this juncture to answer is: now that the opposition no longer agrees to the deal made with the government last week, is the government reverting to its original legislation or is it going to continue pursuing the huge windfall for the polluters that is involved in the coalition-amended legislation that we now have before us?

I would expect that later today we are going to get motions from the coalition, which has largely been missing from the chamber today, to try to move towards what Mr Abbott says is his course of action, which is, firstly, to move for a delay of these proceedings for a Senate committee to look at this legislation over summer. That means that the coalition party room, which spent eight hours coming to this deal with the government to give the polluters the windfall, including $6 billion transferred out of households across to the big polluters, is going to say: ‘Yes, we made that decision. Every one of us took part in the decision, including Senator Joyce of the National Party, but having made that decision we are now going to have a committee look at it to give us time to try to reassess where we go from here.’ This is the new leader of the coalition, who is reported to have said that ‘climate change is crap’, if you will excuse me, Temporary Chair.

The TEMPORARY CHAIRMAN (Senator Troeth)—I think that is unparliamentary, Senator Brown. I would ask you to withdraw that.

Senator BOB BROWN—It is a quote that the Leader of the Opposition is said to have made and in which he said he was using hyperbole.

The TEMPORARY CHAIRMAN—Quoting something still does not make it parliamentary.

Senator BOB BROWN—Then I withdraw. If the first reference to an asseveration of the new Leader of the Opposition is unparliamentary then I will pursue that no further and I withdraw the alleged reference from Tony Abbott.

But you can see where we are going here. The fact is that we are now debating a circumstance which arose with a different set of leaders. We are in the quite farcical situation where the new leader, Mr Abbott—who is a climate change sceptic now dressed up as a person who wants to act on climate change but does not want this legislation and does not know what he does want—will move for
this whole proceeding to go across to a Senate committee so that we start again. We have such a disorganised opposition that the only thing we do know is that we are simply paddling time in here. I do want to seriously ask the minister: under these circumstances, is the government going to pursue the windfall arrangement, where polluters get billions, made with the then Turnbull coalition now that we have an Abbott coalition that no longer supports that deal? The new leader, Tony Abbott, has said that if the opposition do not get a delay mechanism in place through a reference to a Senate hearing—and a delay is all it would be; it would not really be looking for information, because he has made it clear he opposes this course of action from the government—then they will vote against it. The presumption must be made that the coalition which was voting for this yesterday will vote against it today.

We have seen this huge swing in the camp of science scepticism by a client coalition which is now, in truth, owned by the first four letters of that word—the ‘coal-ition’. It is going to be out banging the drum, as we have heard from the Leader of the Nationals here this morning, about a carbon tax effectively being applied. As Senator Milne was making so cogently clear, the National Party, which is now an almost wholly owned subsidiary of the coalmining industry, wants to keep featherbedding this fossil fuel consumption and export industry. If you add the exports to Australia’s own consumption of fossil fuels, you would double or triple the per capita amount of coal being burned and greenhouse gases going into the atmosphere from Australia.

There is a central question to the validity of this debate that we are now in. It is reasonable for me to ask the minister if the arrangements she and Prime Minister Rudd made with Mr Turnbull last week to transfer billions of dollars from the Australian public across to the big polluters still stand, or is she reneging on that, now that the coalition is reneging on it, and going back to where the original legislation was? If that is the case, what is the point of proceeding with this debate? It is a complete mess, just as the coalition is a complete mess.

Senator Milne referred to Dr James Hansen. Dr Hansen is a physicist by training. He directs the NASA Goddard Institute for Space Studies, a laboratory of the Goddard Space Flight Centre at the Earth Institute at Columbia University. He gave a speech at the National Press Club and at a briefing to the House Select Committee for Energy Independence and Global Warming in the United States last year, 20 years after he first told congress about the need for urgent action on climate change in 1988. As we know, governments in his country have been as remiss as governments in this country in failing to take the appropriate action that is required.

This particular amendment is to alter the terms of reference of this legislation to 350 parts per million—because that is what is safe—rather than 450 parts per million, which the minister herself said is a 50 per cent gamble with the security of this nation and the future of the planet. Dr Hansen said:

The disturbing conclusion, documented in a paper I have written with several of the world’s leading climate experts, is that the safe level of atmospheric carbon dioxide is no more than 350 ppm (parts per million) and it may be less. Carbon dioxide amount is already 385 ppm and rising about 2 ppm per year. Stunning corollary: the oft-stated goal to keep global warming less than two degrees Celsius (3.6 degrees Fahrenheit) is a recipe for global disaster, not salvation.

These conclusions are based on paleoclimate data showing how the Earth responded to past levels of greenhouse gases and on observations showing how the world is responding to today’s carbon dioxide amount. The consequences of continued
increase of greenhouse gases extend far beyond extermination of species and future sea level rise. Arid subtropical climate zones are expanding poleward. Already an average expansion of about 250 miles has occurred, affecting the southern United States, the Mediterranean region, Australia and southern Africa. Forest fires and drying-up of lakes will increase further unless carbon dioxide growth is halted and reversed.

Mountain glaciers are the source of fresh water for hundreds of millions of people. These glaciers are receding world-wide, in the Himalayas, Andes and Rocky Mountains. They will disappear ...

I interpolate here that in Sydney yesterday His Holiness the Dalai Lama poignantly made a plea to the world to act on climate change because of the disaster unfolding in Tibet where the glaciers are melting. As Senator Milne has said a number of times in this debate, the great rivers of Asia which go to more than a billion people are simply not going to have that glacier melt in coming dry seasons. It is going to have an enormous impact on people’s livelihood and their ability to get water, let alone their ability to grow food.

The glaciers are receding. This is not a future forecast. This is what is happening under current levels of carbon dioxide in the atmosphere, which are well short of the 450 parts per million target the government has written into this legislation. We are at 386 or so parts per million. This is happening now and the government says, ‘Oh, it’s okay to go to 450 parts per million.’ Dr Hansen says the glaciers ‘will disappear, leaving their rivers as trickles in late summer and fall, unless the growth of carbon dioxide is reversed.’ That is, unless they are reversed from the current levels of 386 parts per million. Minister Wong says, ‘Well, we can go to 450 parts per million and there is a chance that it will be all okay.’ That is not the case. Here we have an Abbott opposition now that thinks that this is not happening; it is okay to keep going business as usual and we must not take action on this. Dr Hansen, who has been looking at this for decades now and warning the US congress, has a much more sober take on it. He says:

Coral reefs, the rainforest of the ocean, are home for one-third of the species in the sea. Coral reefs are under stress for several reasons, including warming of the ocean, but especially because of ocean acidification, a direct effect of added carbon dioxide. That is, greenhouse gas ... Ocean life dependent on carbonate shells and skeletons is threatened by dissolution as the ocean becomes more acid.

I remind you, Chair, that these are the CEOs due to receive billions of dollars from the Australian people under this formulation from Minister Wong and Prime Minister Rudd, worked out with the coalition, including the coal oriented National Party. Dr Hansen continues:

CEOs of fossil energy companies know what they are doing and are aware of long-term consequences of continued business as usual. In my opinion, these CEOs should be tried for high crimes against humanity and nature.

Confrontation of ExxonMobil and Peabody Coal CEOs will be no consolation, if we pass on a runaway climate to our children. Humanity would be impoverished by ravages of continually shifting shorelines and intensification of regional climate extremes. Loss of countless species would leave a more desolate planet.

If politicians remain at loggerheads, citizens must lead. We must demand a moratorium on new coal-fired power plants. We must block fossil fuel interests who aim to squeeze every last drop of oil from public lands, off-shore, and wilderness areas. Those last drops are no solution. They provide continued exorbitant profits for a shortsighted self-serving industry, but no alleviation of our addiction or long-term energy solution.

He goes on to say a lot more in this address to the US National Press Club and the House select committee.
This is the reality of the situation we face, yet we have government legislation here which is going to pour an estimated $60 billion over coming years into the pockets of those very CEOs and those very corporations. I ask you: can this nation afford this prescription for fostering the very people we need to tackle and for draining those funds from the very enterprises—renewable energy, energy efficiency; this is common sense—to which we should be giving that largesse that government has. It is a Faustian bargain that the government has got here and the minister should be supporting these amendments from the Greens.

Senator MOORE (Queensland) (11.47 am)—I know I have not taken part in the debate up until now, but in terms of the process, I want to have something on record. Certainly the issue of targets has been one that has concerned all of us in this chamber absolutely over a long period of time. There has been a range of opinion. I have been talking with so many people in my electorate and also through the deluge of emails that have been coming through, from people within my own state and elsewhere. The issue of targets comes up consistently, along with the debate about the issue of jobs.

I have listened to Senator Brown and other speakers from the Greens and I know that in many parts of the electorate there are concerns about the targets. I think that is something that we and the government have listened to, and we are very much needing to talk to those within our electorates and also to other people about getting an effective balance. I know those terms are used so often in this debate and others—trying to come up with a balance which will engage the community, engage business and engage people, who all have their role to play. A lot of work still needs to be done in talking with people about what they see as being their own individual as well as crucial targets.

I note the comments made by Senator Brown and Senator Milne about how we can move forward in this process, but the government’s position, after going out and speaking with people, has consistently been about having a range. That range is dependent on what happens across our community, particularly across our business community, as people make efforts to take on their role in what is going to happen and to look at the way the system is going to work in the future so that they understand exactly where each business and each community play a part. The National Party has been ramping home the issues about coal areas, and I know that a range of areas in my state have been part of this in terms of where they fit. There is a concern about jobs. This affects not just new workers but people who have been working in the coal industry for generations. Throughout this whole process the government has been very keen to ensure that we come up with an agreement that has an acknowledgement that there will be changes that have to be made—absolutely—and that acknowledgement is the information that the National Party have been putting out about where business, and particularly industry, will have to make changes as they put in place their process.

Looking at the specific issue of targets, we are looking at how we can get something that will work within our community and that we can take to the international community and say that Australia is taking some part. We do not claim that we will be able to do it by ourselves but we say that we will be able to take some part in the process and move it forward. Whilst I have listened very closely to the arguments about why we do not jump in immediately with a higher targeted level, the government’s position is that that is not what we are prepared to take up at this moment. What we have and what we thought we had was discussion and agreement across all
parts of this debate at the Senate level. After months of discussion, months of taking note, months of interaction and several Senate community hearings, we nonetheless had a process that we thought we would be able to take forward sometime before the Copenhagen process so that the other nations, both developed and developing, would all see that there is a commitment at least to take some action. In terms of where we move forward I think that is an important thing to at least have on the record and that we at least have some process whereby we can agree. Each of us has to make some degree of compromise in the way we move forward.

The target argument will certainly continue to be had. What we put on the table now with the first round is exactly that, and senators from the Greens, the Nationals, the Liberal Party and the Independents know that just signing up to the deal that is before the chamber now is not the end. It cannot be the end. It is part of an ongoing process. We have to have some acknowledgement that these debates have been had and some acknowledgement that across communities people will have differing degrees of commitment, even differing degrees of pain, but we have to have some intent that the understanding that is there is something that people can understand how they fit in with.

People will not stop their own aspirations because, once again, when you have an agreement such as the one we have on the table at the moment, it does not mean that that is going to be the end result and there will be no further negotiation and no form of development. In fact, one of the things that is most clear in the deal that the government has put forward is that there will be extraordinary efforts made in areas of research, in my state in particular, where I know that there are a number of key research areas dedicated to moving forward.

But there are things that we can do better in all areas of industry, in all areas of community activity, even down to the household level, rather than being caught up in the outrageous scare campaigns that have been put forward in some elements of the media—coincidentally, particularly leading up to this week of debate in this place, where we have seen allegations about what the individual costs of the proposal before this parliament are going to be. Nonetheless, we should not be drawn into that debate, getting touched by the scare campaigns that are so clearly being put out there.

I think the thing that scares me most is that we are once again pressing the fear button and getting caught between this debate about doing better—having greater targets, putting a greater position forward—as opposed to what this will cost. Then we see the media attacks that have been so targeted. They are quite clearly targeted at causing fear and causing distress in the people who do have goodwill, as I think we have seen over many years of discussion about what we can do for a better environment process in this country. There are a large range of people in our community, mostly led by young people, who have a real sense of goodwill about what they want to happen. But people are trying to turn that around with the fear, anger and bitterness so that it is seen as a one-size-fits-all scheme, and that has never been the intent. So I want to say that we deeply acknowledge the moves that have been put on the table. I think what we need to do is acknowledge that we have a responsibility here and that we will meet that responsibility together.

Senator XENOPHON (South Australia) (11.54 am)—In relation to these amendments, let’s note what Professor Will Steffen, the Executive Director of the Climate Change Institute at the ANU, said:
If you keep concentrations of carbon dioxide down to 350, then you’ve got a higher probability of avoiding some of the major risks of climate change, such as losing big polar ice sheets or putting stress on coral reefs.

I think that any approach to policy ought to be evidence based. There are leading scientists saying that 350 parts per million is the gold standard that we need to go for.

I have to take issue with what Senator Moore said, though I have great regard for her. She said that we can go further on this down the track. My concern is this: if you lock in this particular scheme and if this bill receives royal assent, you will have hedging contracts signed between generators and retailers worth hundreds of millions of dollars. They will be locked in, so if we do have an alternative approach—for instance, for deeper cuts—there will be claims for compensation or, alternatively, significant commercial losses and commercial risk. We will have the worst of both worlds. So my concern is that we need to get this right. Let us at least aim for a higher target. I note what the minister said, that it is a question of numbers in terms of what we are aiming for, but I would have thought that if we were at least aiming for 350 parts per million that would drive the policy framework to be more ambitious in what we do and how we do it in achieving deeper cuts.

Senator IAN MACDONALD (Queensland) (11.56 am)—I just want to indicate to the Senate that the coalition will be voting against the Greens amendments. I also want to note that after days of berating us for delaying the debate, I see the Labor Party has now brought on the cheer squad. It is quite clear to me that we are now going to have more filibustering from the Labor Party. Labor Party senators have obviously had no interest whatsoever in this debate in the last four or five days, as many of my colleagues have been seriously debating and looking into this bill, exposing its flaws and constructively trying to find out why it is so absolutely essential that this parliament remain here after time to rush through this bill, just several days before the Copenhagen climate change conference will convene to indicate to the world what the world is doing. I think, and many, many Australians think, that it is essential for Australia to know what the rest of the world is doing before Australia commits itself to a course of action which may well be irreversible.

As I have said many a time, of course the climate is changing, but we still have Labor Party senators pointing the finger and saying that, because you vote against Mr Rudd’s legislation, you are a climate change denier, suggesting that to be a sceptic on anything is suddenly a criminal offence. Good heavens! We live in Australia, which encourages expressions of different views and different opinions, and yet people from the Prime Minister to the minister and down to backbenchers, if we do not happen to agree with them, are accusing us of being deniers. I for one do not deny that the climate is changing—I was going to say I remember, but I do not remember; I was not around—but there was a time when Australia was covered in ice. There was another time when the centre of Australia was a lush, tropical jungle, and there was a time when dinosaurs roamed around Australia because of the climate of the time. But things have changed. Whether man was around when the earth was covered in ice, I do not know. I certainly was not here then!

So the climate has clearly changed. Is it man’s problem? Has man contributed to it? Everyone on the other side, from their very scientific background, has the view that it is man. Good luck to them. I did not realise so many of them had such scientific knowledge. I am one of those who clearly confess that I do not have the scientific knowledge. So I, as
we always do in this business, look around. We take advice, and we go to lectures and forums. We talk to people, we meet in groups, and we welcome people into our offices to give us their opinion. We ask scientists—who should know what they are on about. But, regrettably, the scientists that have come through my door are sort of evenly divided.

*Government senators interjecting—*

**Senator IAN MACDONALD**—And they are not nut cases, as is alleged over the other side. These are respected scientists, some of them coming from James Cook University, where I come from, up Townsville way. The fact is that they have a scientific view that is different to the scientific view of other scientists—and it makes one wonder when you consider the recent revelations in email traffic about the thoughts of some of the scientists who are leading the charge for anthropogenic greenhouse emissions as a scientific fact. I have spoken to many scientists that I respect who assure me that the problem is made worse by man’s actions. But, equally, I have spoken to many scientists that I respect who tell me quite differently. So, quite frankly, I do not know.

I have, however, always had the view that if the world is going to do something then, sure, Australia should be part of it. But why would Australia lock in a position three or four days before world leaders get together to tell us what their countries have legislated to do? I heard the argument from Senator Wong the other day that we know what the Americans are going to do because we saw a press release from President Obama, and that we know what the Japanese are going to do because we saw a press release from their Prime Minister. Kevin Rudd has issued a press release saying what he is going to do, so if it is good enough for the Americans, the Chinese and the Japanese, why is it not good enough for Australia? Why do we have to legislate ourselves into a position where, if the rest of the world decides in a few days time to do absolutely nothing, we are locked in, Australian jobs are put at risk and we become uncompetitive in some of the big industries that keep an income earner in our working families?

I cannot for the life of me believe that the so-called workers’ party, made up in this chamber of people who have made their living out of the workers by being paid union organisers for those workers—

*Senator Cameron interjecting—*

**Senator IAN MACDONALD**—That is what they are here for. How can they ignore the interests of those working families by voting three days before we know what the rest of the world is going to do for a scheme which, if nobody else does it, may well cost the jobs of the people that those union organisers were supposed to be looking after?

*Senator Sterle interjecting—*

**Senator IAN MACDONALD**—I can tell by the way that those former union organisers are trying to prevent me from having my say that what I am saying is a bit close to the mark. I am sorry if I have upset you, colleagues on the other side, so close to Christmas, but the point I am trying to make—and I am appealing to you all—is: why can we not wait? Why don’t we wait a few days until we see what the rest of the world is going to do? Why don’t we have a look at what comes out of Copenhagen? Maybe we will learn something. Maybe we will come out of Copenhagen agreeing with the Greens that we should increase our targets very substantially.

Quite frankly, if all those at Copenhagen with whom we compete—for example, China, Russia, the United States, India, Japan, Indonesia, South Africa and Columbia—came out and said, ‘Yes, we are going
to do it and we can guarantee that our legislatures will endorse this,’ then I would be the first one on the side of the argument that said: ‘Yes, Australia, let’s do it. Let’s do the same. Let us give our agricultural industries the same concessions as everybody else is getting. Let us penalise or favour our coal industries exactly the same as everybody else is doing.’ I would say the same about those industries that are very important in my state of Queensland: our aluminium refineries, zinc refineries, copper refineries, cement industries and all of our manufacturing industries. If our competitors are doing this, let us do it. But why are we putting those jobs at risk in order to have this decided in the next couple of days before world leaders meet to determine the world’s approach to this?

We should be part of the world approach but having a position before the rest of the world is, in my view, just untenable. You have only to look at Australia’s contribution to greenhouse gas emissions. Australia emits less than 1.4 per cent of global emissions. Under Mr Rudd’s scheme, even if it were adopted in its entirety in the way it was originally put up, we would be reducing our emissions by 0.2 per cent of total global emissions. Even those who say it is a man-made problem would, I think, acknowledge that the man-made part of emissions is only a very small part of the total carbon emissions in the world. Things like natural calamities, bushfires and volcanoes exude the most carbon. There is nothing we in this chamber can do to stop volcanoes or to stop fires. I am sorry about that. Some on the other side think that we can stop the world, but most of the carbon emissions are certainly naturally occurring.

Accepting for a moment—and I do not necessarily, as I explained before, particularly have the scientific knowledge to make that conclusion—that man is the cause of some of the emissions of greenhouse gas, and looking at the facts that Australia’s total greenhouse emissions are less than 1.4 per cent of global outcome and this legislation will reduce that by 0.2 per cent, it just seems crazy for us to move before the rest of the world.

I do not want to dob people in—no names, no pack drill—but I happen to know two or three Labor senators who agree with me entirely. But are they allowed to cross the floor and have their view? They know what happened to former senator Shayne Murphy when he had a different view. He was expelled the next day. That is the Labor Party. You agree with what Mr Rudd says or you are expelled. In the Liberal Party I am delighted that sometimes it makes us look a little bit messy but we are people with strong views and a passion for what we believe is right for Australia, and we have the inalienable right to cross the floor—something you in the Labor Party will never, ever understand. We are individuals. We believe that we are put here by our constituents to follow their wishes and not just the wishes of one man who many suspect is embarking upon this as part of his push to become Secretary-General of the United Nations.

I have gone on a little longer than I expected, because we want to get these things to a vote. But, as I mentioned before, it seems the Labor Party are bringing in the cheer squad. As I have highlighted that, I see some of the cheer squad have left, so perhaps they did not like the exposition of the fact that they were going to start talking just for the sake of talking. I know I speak for all on this side when I say that we would like to have a vote on this particular motion before the chamber at the present time. We do not agree with it but we think that the Senate should vote on the Greens amendments so that we can get on to the next amendment. It is a very important one which, I am delighted to say, we have always championed, dealing
with agriculture. Congratulations to Minister Wong. She has agreed that we should be treating our agriculture in the way other nations are treating theirs. Let us get on to that debate. Let us have that debate and hopefully get that amendment passed as soon as possible. But I would urge senators at this stage to deal with these amendments. I think we have had a lot of discussion on them and it would be useful to have the vote at this time and move on to the next amendment.

Senator WONG (South Australia—Minister for Climate Change and Water) (12.10 pm)—I will be brief. First, in relation to the assertion on the other side of the chamber that they want to progress this matter, I do not think anybody listening or observing this debate over the last number of days would be under any illusions that the coalition—particularly the extremists in the coalition, the people who brought us WorkChoices and who want no action on climate change—have not been delaying this vote until they deposed a leader. I do not think anybody would be under any illusion about what happened. So the senator’s comments about wanting to progress this legislation simply are at odds with and fly in the face of the actions of him and his colleagues. It has not been the moderates in the Liberal Party who have been in the chamber. It has been the extremists, by and large—people who have views on climate change which are out of step with the consensus science, which are out of step with where Australians want us to go. That is, they want action.

Senator Back, you look at me like that. You are entitled to your view. I accept that and I respect that. But it is not a view with which this government agrees and it is not a view with which many of your colleagues agree. I will agree with Senator Macdonald on one thing. He said that the Liberal Party can look a bit messy sometimes. I think that is probably a bit of understatement this week. I did have a feeling in this debate of the dual reality that we seem to have in the chamber. When the Greens are on their feet they say that somehow this scheme is so incredibly brown, it is dreadful, it is not going to deliver action on climate change, it is so bad it needs to be voted against. Then we hear the coalition, who say this scheme is so radical and so dreadful because it is going to do too much to change our economy. As always in this debate, those two propositions cannot simultaneously be true.

We have traversed this, and I think in my first response to Senator Milne I have really dealt with, insofar as I think it is necessary, the issues before the chamber. The government believes if you set a target you have to be able to meet it. The government believes that you do not tackle climate change by voting against the first scheme, the first plan, to reduce Australia’s emissions that the national parliament has debated.

The reality is that what we see at the moment is the coalition in a complete mess. I was asked by Senator Brown to comment on what my response was to their latest press conference. I would say this: we are the government. We have a policy that has been worked through our party, through our caucus room, with community, with stakeholders—both industry and environment—and then negotiated with the opposition in good faith. We do not change position simply because there is yet another rumour about what the latest position of the coalition is. We will press forward with this package. We will press forward for action on climate change. We know, because the Greens have made it clear, that they will vote against this bill. We know that the National Party will vote against this bill. And we know now—we have always known—that there are a number of coalition senators who will vote
against this bill. But we will do what is in the national interest and what we told Australians we would do when we went to the last election. So the government does not support the Greens amendment. There has been a lot of debate. If we can bring this amendment to the vote and move on to the next one, that would be appreciated.

Senator BACK (Western Australia) (12.14 pm)—I have to take issue with what the minister said in reference to me—I will not take issue with her on what she said in reference to others. I have sat for as many hours as possible because I want to avail myself of all information pertaining to this legislation. The minister has acted with great propriety, and it is disappointing that she would decide to make personal attacks on the motivation of somebody who has sat here wanting to understand it. The Liberal Party is not a rabble. The Liberal Party is indicating what its responsibility in this Senate is under the requirements of the founding fathers who wrote the Constitution. Those who wrote the Constitution made it very clear, particularly for those from smaller states, that we would represent the interests of our states—not an electorate and not a political party—and the wider community in this place, particularly on issues that were contentious. There has probably never been another issue more contentious than this one to come before this Senate. It is pleasing that I have two of my Western Australian colleagues opposite me, because they too have that responsibility in terms of representing the state of Western Australia in this particular debate.

Senator Farrell—They do it very well.

Senator BACK—I certainly hope that they do do it well, Senator Farrell, as I hope that you do. I make this point as a person who has come out of the emergency services industry: the Australian and New Zealand standard on risk management is pertinent to this debate. What is that? It simply looks at the question of what the risk is in this particular issue. The risk is that we make a mistake; that we get it wrong. That is why I have sat here for four days, because I am concerned about the risk of us getting wrong. This is legislation that, if passed, can never be revoked. We cannot get it back. With every other piece of legislation that has come before this parliament, however long it has been debated, it is always possible for a future parliament to reverse it. This one, because it relates to international carbon trading permits, can never be reversed once passed. Remember that: we cannot reverse it.

When we come to look at the issue of risk and risk management, there are two issues that we consider. The first on one axis of a graph is, ‘What is the likelihood of us getting it wrong?’ On the other axis the question is, ‘What will be the impact on our country if we do?’ If the likelihood of us getting this wrong is high, then we must look at it more closely. If the impact of getting it wrong—

Senator Cameron—This is pathetic. You can do better than this.

Senator BACK—I shall engage with you later on on a personal basis if you do not understand these two, Senator. The impact on this country of getting it wrong is horrific. Therefore, we must act.

There are another two issues. First of all: do we have time? Is it life threatening? The answer is no. The minister wants to introduce it on 1 January? The answer is no. Therefore, time is on our side; it is not against us. The second question is: do we have sufficient information to look at all these amendments? We have not had that time. We have the opportunity to get it.

There is information required in two areas. The first is in the science. We could have argued up until some time ago that the science was not decided and that there were as
many for as there were against. Only in the last week and a half have we had the acknowledgment of a complete fraud out of the Climate Research Unit at Hadley. I have spoken to the people in regard to this. I understand that the director, Dr Philip Jones, has not refuted that range of emails that have now been circulated round the world and that show clearly that the data that has come out of that institution has been filtered, doctored, changed or poorly reviewed. Why does it matter? Because it is the outcome from Hadley upon which the IPCC has based so much of its science. That is now questionable.

We have some scientists in this particular chamber. There are six of us who have some qualifications in the sciences: Senator Hurley, our President, Senator Siewert, Senator Brown, Senator Eggleston and I—six out of 76 have some scientific tertiary training. Why aren’t all six of us standing up here and saying, ‘If the science is in question then we must do no more until such time as it’s resolved’? We have not even heard that. The science is not resolved. Up until a week and a half ago, there were two groups of credible scientists who were arguing this. If the accusation of Hadley fraud is correct, it now seems as though we have a situation that has to be addressed. The second issue that we need information on apart from the science is the economics, and the economics is not decided.

Senator Cameron—You are a conspiracy theorist. It is a fear campaign.

Senator BACK—The economics is not decided. You know that, Senator; I know that. We have the opportunity to get that resolved. Certainly we want to see action on climate change. Anyone who says that we do not is an idiot; a complete idiot. We want to see sustainable environmental development in the future. This is not it. Let me ask a question about the issue of timing and information. Go back to the horrific and regrettable bushfires in February this year. Why was my colleague so roundly criticised in the royal commission? Was it because of time? No. We all knew that time was not on his side. Was it because there was a fire and there were deaths? No. The reason that he was criticised—

Senator Wong—I rise on a point of order on relevance. There is an amendment before the chamber about the 350 parts per million carbon dioxide. I also invite the senator, as a matter of courtesy given the length of time that has been spent on this amendment, to finish in time to hold the division, which will be required before that 12.30 break.

The TEMPORARY CHAIRMAN (Senator Mark Bishop)—Thank you, Senator Wong. Senator Back.

Senator BACK—The point that I was making is that the reason the CEO of the Country Fire Authority was so roundly criticised was that there was information available to him which he did not avail himself of. That is the criticism, and that will be the criticism of us in this chamber if we make this decision precipitously. We have the time and if we do not avail ourselves of the information we will quite rightly be criticised by this community. To move before the rest of the world is not the right way to go.

The TEMPORARY CHAIRMAN—We are dealing with Australian Greens amendments (13) to (16) on sheet 5786.

Question put:

That the amendments (Senator Milne’s) be agreed to.

The committee divided. [12.23 pm]

(The Chairman—Senator the Hon. AB Ferguson)
Ayes…………. 6
Noes…………. 46
Majority……… 40

AYES
Brown, B.J. Hanson-Young, S.C.
Ludlam, S. Milne, C.
Siewert, R. * Xenophon, N.

NOES
Adams, J. * Arbib, M.V.
Back, C.J. Barnett, G.
Bilyk, C.L. Bishop, T.M.
Boswell, R.L.D. Brandis, G.H.
Brown, C.L. Cameron, D.N.
Carr, K.J. Colbeck, R.
Collins, J. Conroy, S.M.
Coonan, H.L. Cormann, M.H.P.
Crossin, P.M. Farrell, D.E.
Feeney, D. Ferguson, A.B.
Fisher, M.J. Forshaw, M.G.
Furner, M.L. Hogg, J.J.
Humphries, G. Hurley, A.
Hutchins, S.P. Joyce, B.
Lundy, K.A. Macdonald, I.
Marshall, G. McEwen, A.
McLucas, J.E. Moore, C.
O’Brien, K.W.K. Parry, S.
Polley, H. Pratt, L.C.
Ryan, S.M. Sherry, N.J.
Stephens, U. Sterle, G.
Williams, J.R. Wortley, D.

* denotes teller

Question negatived.

Sitting suspended from 12.30 pm to 1.30 pm

Senator WONG (South Australia—Minister for Climate Change and Water) (1.30 pm)—by leave—I move government amendments (6) and (7) on sheet BE242 together:

(6) Clause 24, page 70 (line 22), before “For the purposes of”, insert “(1)”.

(7) Clause 24, page 70 (after line 30), at the end of the clause, add:

Exclusion of agricultural emissions

(2) For the purposes of this Act, an emission of a greenhouse gas from the operation of a facility does not include any of the following emissions:

(a) an emission of methane from the digestive tract of livestock;

(b) an emission of:

(i) methane; or

(ii) nitrous oxide;

from the decomposition of:

(iii) livestock urine; or

(iv) livestock dung;

(c) an emission of methane from:

(i) rice fields; or

(ii) rice plants;

(d) an emission of:

(i) methane; or

(ii) nitrous oxide;

from the burning of:

(iii) savannas; or

(iv) grasslands;

(e) an emission of:

(i) methane; or

(ii) nitrous oxide;

from the burning of:

(iii) crop stubble in fields; or

(iv) crop residues in fields; or

(v) sugar cane before harvest;

(f) an emission of:

(i) carbon dioxide; or

(ii) methane; or

(iii) nitrous oxide;

from soil.

(3) Paragraph (2)(f) does not apply to an emission that is attributable to the operation of a landfill facility.

This is consistent with the position that the government has announced. We negotiated an agreement in good faith with the opposition. We remain of the view that action on
climate change is a critical and key challenge for the nation’s future. We are extremely disappointed that the opposition appears to have chosen again to delay or oppose action on climate change. I suggest that that is not only contrary to the position they took to the last election; it is contrary to the position former Prime Minister Howard took and to the aspirations and hopes of the many Australians who have continued to press for action on climate change.

The government will continue to stand ready to honour our agreement with the opposition. We will honour it because we believe it is in the national interest for whole-of-economy reforms such as this to be delivered with bipartisan support. We will honour the agreement because it has been supported by a broad range of environment, community and industry groups, including the Business Council, the Australian Industry Group, WWF, the Climate Institute, ACOSS and the Aluminium Council, to name a few. We will honour this deal because we agreed to amendments that had to meet a test of environmental effectiveness, economic credibility and fiscal responsibility. Most of all, we will honour our part of the agreement because it delivers on the government’s commitment to the Australian people, and we call on the opposition to deliver on the commitment they made at the last election. The amendments before the chamber are to exclude agricultural emissions from the scheme and to make clear the position of the government as previously announced.

Senator NASH (New South Wales) (1.33 pm)—The Nationals are supportive of the amendments to exclude agricultural emissions. Given our very significant involvement with the farming community, it is obvious we would be doing so. I have had it put to me that excluding agriculture is simply a no-brainer. I do not think anybody would say that agriculture should not be excluded.

It needs to be pointed out, though, that agriculture was never included. We need to be mindful of that fact. From the many appearances of the department before Senate committees, we are very well aware that it is almost impossible to measure emissions from animals. So, while we welcome the exclusion of agricultural emissions, it is very important to place on record that they were never included in the first place, and it is quite likely that the government was never going to include them anyway.

I also take the opportunity to point out that, while agricultural emissions are excluded, there are significant costs embedded within the emissions trading scheme that will still fall right into the laps of farmers, including fuel, transport, electricity, chemicals and fertilisers—and the list goes on and on. As we all know, our farmers are the ones doing it toughest. They are the ones that are out there day after day, working from dawn till dusk, to feed this nation, and now they are faced with an emissions trading scheme that is going to significantly increase their costs. The Nationals, and, I know, my coalition colleagues, feel that our farmers and our agricultural community deserve to be supported. It is also important to recognise that food processing is still in the ETS and all the costs from that sector will still be passed down to farmers.

There has been an indication from the government about the offsets that they indicate will offset a number of those input costs. To date, we have not been able to get any kind of indication from the government—the minister has actually said there has been no modelling—of how much on average a farm would receive to offset the ongoing input costs they are going to have. It is important to keep in mind that some of those offsets do require an audit process and a reporting process, so they will need auditors. The minister has indicated to the chamber that those
positions are not in place yet—indeed, they do not know how many there are going to be. We are talking about 137,000 farms across this country that may well want to go down the track of an offset in the future.

I know the minister will stand up and say, ‘But you’re going to oppose this anyway,’ but it is very important to place on record—for people out there listening to and watching the chamber—the impacts this legislation will have on the farming community. Again, the minister will ask why I am bothering to speak when I am going to oppose it, but the Australian people have the right to have their concerns voiced. They are certainly making those concerns apparent—they are coming through loud and clear—to all of us here in this parliament, and they have been doing so for some time now. It has been a grassroots uprising, the like of which I do not think I have ever seen before, of people saying no to this ETS.

This amendment to exclude agricultural emissions is obviously a no-brainer. We would suggest that it was never going to be included in the first place, but the most important thing to place on record at this point in time is those costs that I mentioned that will still fall in the laps of our farmers. While we are agreeing to the amendment, we need to put on record absolutely clearly that the Nationals recognise the very severe impact that the introduction of this ETS is going to have upon our farmers.

Senator McGauran (Victoria) (1.38 pm)—I rise to fully and utterly endorse the comments of my colleague. She has had that position from day one, and I congratulate her for it. I will reinforce the comments that she made, and I reinforce them by saying the rural sector, the farming sector—the farm gate—was never in this scheme to begin with. We do not want the other side to be selling this as a great concession. The truth is, if farmers were ever going to be in, the decision would not have been made for several years and they would not have entered the scheme until 2015. As my colleague said, it really was a no-brainer because it had reached a point where no other country in the world—what we will call the draft scheme in the United States is locked up in the Senate at the moment—included the rural sector. So how could it ever have been that the rural sector, the farm gate, was ever going to come into this scheme when a major competitor such as the United States would have had an incredible competitive advantage over our farm sector and our exports right across the board?

The ability to measure the emissions has become farcical, quite frankly—not just impossible, but farcical. I remember going to a Wimmera field day where the state government’s agriculture department had a display stand which the state government had given research dollars, believing that in the future there would be some way of measuring the main emitter, which is cattle. We all know what that is. They had this farcical box that you strapped on the cow. Even the person at the stand, who was representing the state government and had been part of this research, could not keep a straight face when I spoke to him. And this was at a Wimmera field day!

Senator Bilyk—What a font of information you are!

Senator McGauran—You can’t keep a straight face about it at all! I am not even sure that you have ever been past the metropolitan area. But that is the farcical position it had reached. It was not easy to measure; it never was going to be easy to measure it. If they are going to walk around with a box—

Government senators interjecting—

Senator McGauran—I am serious! My other rural colleague from Western Aus-
tralia will endorse how difficult it is to measure a cow’s emissions, but our state government in Victoria was going to make a very valiant attempt, putting valuable research dollars into a box that you strapped on to the cow. That is how farcical it had become. Of course, such is the case.

What the rural sector fears from this government is not so much that it was ever going to be drawn into this scheme as it stands today but that down the track it would be easier just to place a levy or a tax on the rural sector to draw out some contribution from them. I am sure this is still in their minds. While the government may concede this point, what is still in their minds is that they are never going to let the farmers get away with anything. They are always looking for ways to tax, levy and hurt the farm gate income. While they make this concession because they have been mugged by reality, I also believe that down the track they will simply seek, should the bill pass, to place a direct levy or direct tax on the farm gate.

As my colleague rightly said, the rural sector still pays for this in a very big way. Research body after research body, report after report and Senate report after the Senate report has come to the same conclusion about the farm gate: they are going to get all of the knock-on effects from the increasing costs of food processing. The decrease in prices at the farm gate will compensate for the increasing costs of all of the energy that is used in food processing. Think of the abattoirs, Murray Goulburn milk producers and the dairy farmers and the energy they use day in day out. These increases in electricity costs are going to find their way right down to the farm gate. Research shows that for the dairy industry—and my state has the largest dairy industry in the country—costs will go up $10,000 a year permanently. I daresay that would be conservative as the years roll on under this scheme. That is unbearable. It is unsustainable for the dairy farmers that they take on an extra $10,000 a year in energy costs. They burn up energy with their plants, equipment and lighting.

The rural sector, the food processors, the farmers and the farm gate all have a great deal to fear with the structure of this legislation. The farming sector deal with climate change every day. They watch the climate every day. Those opposite have never conceded that. And have they ever factored in the natural change of climate? Has this been in any way factored into this scheme at all? Do they even believe there is natural change of climate, or is it just all man made in their eyes? They would not know; they are all just going along with the flow.

What the rural sector and farmers want to know is this: Australia has 1.4 per cent of world emissions and this scheme is calculated to reduce it by 0.2 per cent, but if there is no international agreement in place when this was to be introduced then what effect would it have on the overall reductions in emissions? Their own cabinet minister Martin Ferguson placed it in perspective when he talked about the fact that every four months from now until 2020 China will build new coal fired power stations, each possessing the same capacity as Australia’s entire coal fired power sector. What he was saying was: whatever reduction comes from this scheme, 0.2 per cent will be made up by China in a matter of months. That is what the rural sector wants to know about, and this is where the revolt started, by the way. Farmers are not idiots. The revolt started in the rural and regional areas which would be deeply affected by this scheme. It certainly got my attention.

If you do some polling in the rural and regional areas exclusively you will find they are against this scheme by the greater majority—whatever poll you want to produce,
whatever seat you want to go by, marginal or safe. The rural and regional areas are where the National Party picked this up very early. And so did the Liberal Party rural representatives. Is that not right, Senator Back?

Senator Back—Absolutely.

Senator McGauran—They know where the true revolt began on this issue. It began with farmers asking the simple, direct, down-to-earth question: how is this scheme going to affect me and why are you introducing it now anyway?

Senator Wong (South Australia—Minister for Climate Change and Water) (1.46 pm)—I am sure everyone in the chamber is trying to imagine Senator McGauran at the Wimmera Field Day in his RM Williams and his chinos. Did he wear a blue shirt too? Did he swagger and did they believe he was one of them? It is hard to know. But, jokes aside, that was a contribution against Australia acting on climate change. That was a contribution against an emissions trading scheme. This is the question I would pose to the coalition, who say, ‘We do not want an emissions trading scheme.’ Your policy said it would be the most comprehensive in the world and it would be no later than 2012. The way they try to deal with it is by saying, ‘Oh, not this scheme.’ Well, what are the changes you would make? You are very quiet over there. If your proposition is that we should not act because Australia’s—

Senator Nash interjecting—

Senator Wong—I do not know if you were elected at the last election, Senator Nash, but if you were there was a policy there with it marked on the front of it that you were committed to an emissions trading scheme. Was this another non-core promise? Just a fake promise to get you through the election, because the Australian people cared about climate change and were prepared to vote for action on climate change? Is that what it was: a fake policy just to get you through the election?

The proposition that we should not act because we are a small nation in terms of emissions is an argument against any action. That argument would have applied to John Howard’s scheme. The fact is that you have no answer to that, because all of the debate from that side has been a cover for one proposition: those in the coalition who have extreme views, whether it is on Work Choices or on climate change, will not stop until they do all they can to stop action on climate change. That is the only proposition. Maybe Senator Nash is a bit sensitive on this issue, but it is the truth. You went to the Australian people with this policy.

Senator Nash—I rise on a point of order. I am not the slightest bit sensitive, Minister. But I do think the minister is misrepresenting the previous Prime Minister, Mr Howard. My understanding is that those issues were around a global agreement, and the minister would know that.

The Temporary Chairman (Senator Troeth)—That is a debating point; it is not a point of order.

Senator Wong—I will take that point of order. So, is the proposition that we do not act until everybody else acts? Let’s have a think about that. If every nation on this planet said, ‘We are not acting until everybody else acts,’ why don’t we just give up now? Why don’t we just say, ‘Let’s consign our children to the sorts of temperature rises that we know are coming if we do not act’? It is an illogical proposition. It is why sensible Liberals have seen the need for action on climate change. It really does show how the
map of Australian politics has, in these last
days, been redrawn. We now have the Lib-
eral Party putting a position that is browner
than former Prime Minister Howard’s. That
is what is occurring.

This is an amendment that is part of what
we negotiated with the opposition before
those in this party with extreme views took
over the Liberal Party. It really is quite ex-
traordinary, isn’t it? These people would
rather tear apart their own party than take
action on climate change. They come in here
and they talk about the impact of putting a
price on carbon. They do not want polluters
to pay. That is their proposition. They want
people to be able to pollute as much as they
want for as long as they want without any
cost. That is the policy proposition. They
want to ensure that we maximise the risk for
our children and our grandchildren and they
dress that up as responsible economic policy.
Even John Howard recognised the ridicu-
lousness of that position. The fact is you
went to an election with this policy. You
have not put forward anything—
other than
that it was just a convenience—that suggests
why you have walked away from that. They
will come in again and they will say, ‘No-
one else is acting.’

On a number of occasions I have gone
through all the action that has been pledged
by other nations—

Senator Ian Macdonald—By media re-
lease.

Senator WONG—This is interesting; I
will take that interjection. Senator Mac-
donald’s proposition is that we should not
have regard to what the United States is do-
ing because it was only President Obama
who said it. Can someone explain to me how
that is a logical position. Are we really say-
ing we will conduct public policy in the Aus-
tralian parliament on the basis that we do not
trust what the President of the United States
has committed his nation to? That is extraor-
dinary.

We know that every year of delay in-
creases the price tag for the action we know
we have to take. We want this scheme passed
because we want to start to send a signal to
investors to make the sorts of investments we
know are needed to change our economy.
That is the only way to tackle climate
change, not through smoke and mirrors or
tricky little policies. It is hard economic re-
form: it is about changing the nature of our
economy. That might be why we have the
Business Council of Australia, the Australian
Industry Group and other significant Austra-
lian companies saying we should pass this
and we should provide certainty. We can no
longer delay sending a signal to investors.
The passage of this bill is about giving that
signal to investors and to business, because
we know that all we will do by delaying it is
increase the cost.

The policy proposition on the other side of
the chamber is this: ‘We’re going to walk
away from former Prime Minister Howard’s
commitment because we really didn’t want
to act all along, or some of us didn’t, and
now we have the numbers.’

Senator Ian Macdonald—If you sit
down we’ll tell you what our policy is.

Senator WONG—Senator Macdonald
says, ‘Sit down and we’ll tell you what our
policy is.’ I am sure the Australian people
would like to know that, because it has been
an interesting proposition to consider over
the last few days.

Honourable senators interjecting—

The TEMPORARY CHAIRMAN—
Order! Interjections across the chamber will
cease.

Senator WONG—That side of the cham-
ber says, ‘We do not want to deliver on Mr
Howard’s policy—
Senator Ian Macdonald—Tell us what you’re saying and we’ll tell you what we’re saying.

Senator Wong—I can understand your being sensitive about this because, frankly, it is a ridiculous position. Let us traverse through what the Liberal Party are now saying: ‘We went to the last election saying to the Australian people we have learnt our lesson and we think we have to act on climate change.’ John Howard said that. Second, the Liberals said: ‘We will introduce an emissions trading scheme before—

Senator Ian Macdonald—Before everyone else does.

Senator Wong—No, what you said was before 2012—

The TEMPORARY CHAIRMAN—Order! Senator Macdonald, you will have your chance to respond if you wish to. The minister is speaking.

Senator Wong—I will start again.

Senator Ian Macdonald—Why not filibuster some more?

The TEMPORARY CHAIRMAN—Are you taking a point of order?

Senator Ian Macdonald—The minister stopped speaking, so I wanted—

The TEMPORARY CHAIRMAN—No, Senator Macdonald, you know very well the minister sat down while I was speaking to you. The minister has the floor.

Senator Wong—As I was saying, the Liberal Party are saying to the Australian people: ‘We know we went to the last election under John Howard promising action on climate change. We know we went to the last election promising to introduce an emissions trading scheme, but we didn’t really mean it. And now what we are going to do is run as much of a scare campaign as possible, or a delay campaign or any other form of campaign, to avoid action on climate change even if that requires us to tear apart our own party and change leaders.’ That is clear for everyone in Australia to see. I think the single question that they can never answer is: what is the action on climate change that they would support? There is none. They will play with a whole range of policies that they know will not actually reduce emissions.

Senator McGauran—Solar.

Senator Wong—I take that interjection. The senator says, ‘Solar.’ This government has invested $1.5 billion in the Solar Flagships program, which is more than your government ever did. We have quadrupled the renewable energy target out to 2020—four times more renewable energy in this country than the nation has ever had. Do you know what? Even with those policies Australia’s emissions will continue to rise. They are good and worthy policies, but even with those policies Australia’s contribution to climate change will continue to worsen. There is no easy way to tackle climate change, and the reason you are not up to it is that too many of you do not believe that action on climate change is needed. It would have been better if you had been more honest with the Australian people and fronted up to that.

Senator Nash (New South Wales) (1.57 pm)—It is interesting to note that overwhelmingly people are coming to the conclusion that if the rest of the world from this point on—to be very clear—does not take any action then obviously the emissions trading scheme will make no difference to the temperature of the globe. Indeed, the Minister for Climate Change and Water has been asked this question and has not been able to give a satisfactory response to this stage. I want to ask the minister if she could respond to the chamber. I am intrigued with this and I understand that her premise is that Australia has to act first, otherwise the rest of the world will not do it. That seems to be—
Senator Wong—On a point of order, Madam Temporary Chair. I ask the senator to withdraw that. She knows that is untrue. I have put on the record many times that Australia is not acting first.

Senator Ian Macdonald—Madam Temporary Chair, on the point of order: that is a debating point similar to when the minister was maligning our position and telling un-truths about it, and you quite rightly said, ‘You will have your chance in the debate, Senator Macdonald.’ It is not a point of order, and I suggest that you might want to rule that way.

The TEMPORARY CHAIRMAN (Senator Troeth)—The minister has had her chance to put her point, and it is a debating point, so I rule it out of order.

Senator NASH—I am happy to clarify that I do understand that some countries are currently acting. I was not clear in saying that from this point on for those that are currently not engaged in an ETS.

Government senators interjecting—

Senator NASH—No, Minister. I clarified that again yesterday, and the Hansard will show that I clarified that again yesterday. I should perhaps be a little more cautious in my choice of words, but the intent was certainly from this point onwards. I am a little intrigued that, from this point onwards, for those that are currently not signed up to a scheme the minister seems to be suggesting that if Australia does not act—that is, pass this legislation through this chamber this week—then other countries will not embark on an emissions trading scheme. I just find that—I am not sure if it is arrogant or—

Senator Barnett—Galling.

Senator NASH—Yes, galling. I will take that interjection from Senator Barnett. I find it quite extraordinary that Australia has to be the one leading the way for those countries that are yet to do anything about putting in place an emissions trading scheme. I am a little intrigued, colleagues, about how this is actually going to take place. Is the Prime Minister going to pop over to the US with, perhaps, a very good box of cherries from my home town of Young and knock on the door and say: ‘Mr President, I have got everything through the chamber—I have got all the legislation through—so are you right to sign up now? It is all good to go’? Or perhaps, looking from the other perspective, the President might say to his wife: ‘Gosh, I have just seen that that legislation has gone through the Senate in Australia. It’s about time I went down to my little place over here and had a bit of a hurry-up of the legislation.’ It is extraordinary in the extreme to think—

Senator Ian Macdonald—Arrogant.

Senator NASH—Thank you. I will take that interjection. It is arrogant in the extreme to think that Australia has to act first of those who have not already committed to a scheme before anybody else will. I just find that absolutely extraordinary.

Perhaps the minister might in a moment enlighten us as to the actual, practical steps that the Prime Minister is going to undertake to convince world leaders, particularly of our major trading partners, to not just commit to but—what was the word?—‘pledge’ action. People out there in our communities are smarter than that, and they want the rest of the world signed up before we do anything. They are not happy with the pledge. They do not want some words on some bit of paper and our government saying: ‘That is fine. They are going to do something.’ They want to see something concrete. They want to see legislation in those other countries before we sign up, because they know the devastating impact it will have on this country if we are doing it alone. So perhaps the minister could advise the chamber on exactly why it is that
passing the legislation through the chamber this week will make those other countries, especially our major trading partners, around the world put something through their legislative processes.

Senator IAN MACDONALD (Queensland) (2.02 pm)—I anxiously await the answer to Senator Nash’s question. But I will give you a tip, Senator Nash: I bet you do not get an answer, because we have been trying to get an answer for a long time. It is a question that cannot be answered. It is all well and good for President Obama to go out and issue a press release and say, ‘This is what America is going to do.’ Sorry, but he has a congress that has to pass his legislation before that is what happens in America. Those who are more expert on American politics than I tell me it will be at least 12 months before the American congress gets around to adopting some form of emissions trading scheme. But this government, this minister and this Prime Minister want us to adopt a legislative position in the next three days before Copenhagen commences. Why wouldn’t you wait until you saw what the rest of the world was doing before you committed Australia to a scheme which could well be irretrievable and which could well destroy the jobs of so many of our fellow Australians?

I am anxious for Senator Nash to get the answer to her question, but I have some questions as well on the amendments before the chair on agriculture. I think they are very important. The minister was giving her view on our policies, quite inappropriately. But our position is that we would like to see this legislation sent to a committee to investigate these very comprehensive amendments—in one of which, I pointed out yesterday, there has been a glaring error in the drawing up of the document. I am sure it was an unintended error, but that is what you find when you start scrutinising these things.

The amendments that the Labor Party have brought forward are good amendments. They are amendments that have come to light because we on this side insisted that this legislation, bad though it was, could be improved with these amendments. Things continue to happen in the political arena, but it is not for me to anticipate what this Senate might do when the vote comes. Whilst we say this is bad and rushed legislation, we are saying that these amendments will substantially improve a bad piece of legislation. They make the existing legislation less bad. That is why, in looking at these agricultural amendments in particular, we decided that, if for some reason the government was going to try and slam through this legislation before Copenhagen in two or three days time when we will know what the rest of the world is doing, we wanted to make sure that the legislation was as ‘least bad’ as possible.

We cannot imagine why anyone would want to commit Australia before all of our major trading partners commit themselves and why you would put Australian industries at a disadvantage against our trading partners by acting and legislating before the rest of the world and the rest of our trading partners do. Our major trading partners, as we all know, are China, India, Japan and the United States. Regrettably, we do not do as much trade with the European Union as we used to. So none of our major trading partners have a legislated scheme. They have aspirational schemes. The presidents, prime ministers and chairmen have all issued press releases saying what they hope to do, the same as Mr Rudd has done. But none of them are insisting that their parliaments sit into Christmas time to pass legislation before Copenhagen. They are all saying, ‘We’ll go to Copenhagen with our view and we’ll see what we can arrange,’ as I understand Mr Rudd is doing. Why do we need it legislated in the next couple of days, rushed through in a way that
will give us a conclusion that may well be irretrievable?

I am pleased to say that these amendments do at least start to treat our farmers and our rural families in the same way as other countries. If you had gone ahead with Mr Rudd’s scheme, our farmers would have had a piece of legislation that was bad for them and penalised them, one which no other country was going to have. Any other country that is having an emissions trading scheme had specific provisions for their farmers which allowed them to take advantage of the allowable offsets but did not penalise them directly as this legislation in its original form would have done. In that capacity, our farmers would have been at a severe disadvantage with the European Union, at a severe disadvantage with the United States and at a disadvantage against almost every other nation. The New Zealand position is unique and a little different. But why would you penalise Australia’s farmers in a different way, taking from them advantages that farmers in other countries have got?

With that preamble and an understanding that there are questions from my colleagues that also need answering, I put these questions to the minister as well. Can you tell me how many and which countries currently hold agricultural scope 1 emissions liable under their emissions trading scheme? The looks from the minister’s advisers tell me that they have heard and have understood my question. Also, is the minister aware of any schemes in the world apart from New Zealand that intend to have scope 1 agricultural emissions liable?

**Senator Wong** (South Australia—Minister for Climate Change and Water) (2.09 pm)—On the first question, my recollection is just New Zealand, but only at 2015. I am not sure why the senator regards that as a special case. I think that is at least 50 per cent of their domestic emissions. However, it should be noted that a number of other nations do regulate or apply other policies to reduce emissions from agriculture. I will get some advice about some examples of that.

I make some comments on what was described as the preamble and also Senator Nash’s comments, which I have not had an opportunity to respond to. Senator Nash says, ‘If Australia is going to act first of those that haven’t acted yet, that would be next.’ So Australia will act next—not first, not last but next. There was a lot of talk, as there is in this place from those opposite, about the catastrophe and the disaster that this policy is. They have yet to tell anybody in Australia how it is different to the policy they went to the last election with. I noticed there was an absence of a response on that. They always forget to talk about the effect of climate change on this nation and on the people they represent. We as a government are not doing this because it is easy; we as a government are doing this because it is right. I have said before in this chamber and I will say again: we have a lot to lose from climate change. We have a lot riding on an effective global agreement. It is in our national interests to act because we know what climate change will mean for Australia, one of the hottest and driest nations on earth. We know what that will mean in the next 20 years. It will mean more droughts, more heatwaves, more fires and more extreme weather. That is in our lifetime. Beyond that, it will mean a drop in agricultural production and an over 90 per cent drop this century in the Murray-Darling. How can you look at those facts and not believe we have an imperative to act in the national interest?

What makes this difficult is that we are asking this generation of Australian leaders to do something for those who are younger and for their children. That is a hard thing to
do. But what is remarkable is how far the community is ahead of this parliament; how so many people in the community, despite what we are seeing from those opposite, continue to say, ‘We want action on climate change because it is the right thing to do.’

Senator Macdonald asked why we have to pass this legislation now. He accuses us of rushing it through. There is no risk of rushing. There is no risk of rushing in this country, nor with this parliament, on this issue. We have been talking about this for 10 years. In 1999 Prime Minister Howard’s government received its first report on emissions trading. The Task Group on Emissions Trading report was presented to John Howard in 2007 before the election, which led to the then Prime Minister changing his policy position. Both parties went to the election with a policy for a trading scheme. This government went through an extensive consultation process and policy process—a very detailed process because this is a big policy. The draft of this legislation first came before this parliament in March 2009 and it has been before this parliament since the budget week in May 2009. It was debated in this chamber in June where it was the subject of, again, procedural games by those opposite so that they did not have to vote. The opposition voted it down in August and it has been brought back now. It has been through Senate committees. In fact, since this government was elected there have been no less than 13 parliamentary inquiries into either this Carbon Pollution Reduction Scheme Bill 2009 [No. 2] or climate change. So there is no risk of us being accused of rushing.

One of the questions that those opposite never answer when they argue for delay is this: what will change in a couple of months? If the conservative party in this country has got people with such extreme views that they are prepared to tear down a leader and tear apart their own party so as not to act on climate change, why on earth does anyone believe that coming back in February will have anybody changing their mind? It will not.

I am asked why we need to pass this scheme. There is a very simple proposition here. Acting on climate change is in Australia’s national interest. If we know we have to act then all we are doing by delaying is increasing the price tag—that is all we are doing. We are increasing how much it will cost us to make this change. So what the Liberal and National parties are arguing is for us to pay more for a change we have to make. Those of them who are not arguing delay but inaction are actually saying that we in this parliament, all of us, should make an active decision to impose more risk on our children. How can that be responsible?

Senator Barnett (Tasmania) (2.15 pm)—I wanted to ask a couple of questions about these particular amendments but also to respond to some of the minister’s claims and, I would consider, misrepresentations of the coalition’s position and certainly my position in the Senate chamber. I feel very strongly that rushing ahead with Labor’s ETS, railroading it through the parliament, is the worst option possible for Australia. Let us be frank about it: it is the most significant economic reform of its type in Australia’s history. It is a high-risk and indeed dangerous strategy for us to be going down this track. It makes no sense, especially when Australians do not understand the consequences of it fully and how it will affect them. They have been kept in the dark. Why race ahead and burden Australia’s economy in advance of the Copenhagen conference and in advance of our major trading countries, including the US, Canada, Japan, China and India?

I have said before and I will say it again: the ETS is actually spelt T-A-X. It is a tax on everything that moves—every good and
every service. The only question is: how big will it be? We know that Tasmanians will face a 16 per cent increase in their power costs, and the rest of Australia at least 20 per cent. Yesterday, on the front page of the Daily Telegraph, we found that our cousins in New South Wales will be facing a 60 per cent increase, and half of that increase—meaning 30 per cent—will be due to the ETS. That is not according to me or according to any coalition member of parliament but according to the Independent Pricing and Regulatory Tribunal. They have recommended the hefty rise in power bills from next July. That will apparently be released publicly on 15 December. But it has been leaked—it is out there; it is public—and clearly the New South Wales Labor government are very worried that they and their constituents will not be adequately compensated. This has been brought to bear and there are questions that arise. Are they aware of it, have they considered it and what are the consequences as a result of their review of this tribunal report and recommendation? I and all the people of New South Wales would certainly like to know the answers.

Let us make it clear—and I think Senator Back indicated this earlier—that once this bill is passed there is no turning back; it is irreversible. We had a debate a few days ago with regard to compensation, and the minister clearly indicated there was no need to provide compensation if the legislation would have to change. But the minister could not provide any evidence—no legal advice—to be categorical and provide a stamp of guarantee that compensation would not be paid. At the end of the day, if we do not act in parallel, consistent with our major trading partners, additional costs will be imposed on the Australian people, and we are talking about over $100 billion in the lead-up to 2020. That is how sizeable this particular proposal by the government is.

I have said before and I will say it again: I support action on climate change; I support a price on carbon emissions. As a community we should give the earth the benefit of the doubt. But there is no sense in rushing ahead with this legislation in advance of our major trading partners and in advance of the Copenhagen conference. It needs adequate scrutiny in light of this major structural change to our economy, which will be embedded in concrete for decades to come. I think Mr Rudd wants to rush the legislation through, probably—and perhaps for his own ego—so that he can strut on the world stage in Copenhagen. That is the problem.

In terms of full disclosure to the Australian public, the more they learn about it, the more they understand that the ETS is actually spelt T-A-X and the more they worry and get concerned. They are now starting to understand that the billions of dollars that will have to be paid by Australian businesses and the Australian people will not actually start until 1 July 2011. Here we are, 19 months in advance, rushing ahead all because of Mr Rudd’s ego. According to a recent report, the cost to the minerals sector is 23½ thousand jobs by 2020. In Tasmania it is 1,050 jobs by 2020. That is pretty serious. In a state like Tasmania we take that very seriously. So why would we put all of our eggs in Labor’s ETS basket? It makes no sense.

Mr Abbott has made it very clear today that on our side we support strong and effective action on climate change but, in relation to Labor’s ETS, (1) it is flawed and (2) the timing is premature. There is no need to rush. It needs further scrutiny to get it right. We have only got one shot in the locker and we have got to get it right.

Let us make it very clear: the first draft of the government’s bill had no exclusion and exemption for agriculture. We knew very well that the cost to a typical dairy farmer in
Tasmania or around the country was about $10,000 extra in power costs per year. We know that, particularly in Tasmania at the moment, the pressure on dairy farmers is very significant. With the price being offered by the manufacturers, it is hard to make ends meet. The fact is that they would have been paying about $10,000 extra under the first draft of the government’s bill, until the coalition came to the party and pressured the government into getting an exemption. We are thankful for that.

I have two questions about agriculture, and they are specifically these. Could the minister please provide greater detail on how the $150 million for the food processing sector will actually operate in practice? I would like the minister to outline and provide a little bit of detail on how that will operate in practice. Secondly, how many meat processing facilities in Australia will be subjected to having to purchase permits from the commencement of the CPRS on 1 July 2011? How many? If we could get some answers to those key questions, that would be appreciated.

**Senator Wong** (South Australia—Minister for Climate Change and Water) (2.23 pm)—In relation to the second question, that will depend on how many of them emit over 25,000 tonnes of carbon equivalent per year.

**Senator Barnett**—Do you know?

**Senator Wong**—I do not have that information. That would be something the companies would be aware of. It may be that some of them have reported under NGERS, the National Greenhouse and Energy Reporting Scheme.

In relation to the food processing sector, $150 million of assistance was established as a result of the negotiations with the opposition. I have tabled the offer document, and the detail of it is on pages 4 and 5. I can read it out or you can get a tabled copy. One hundred copies were also provided to your party room last week to enable you to consider the offer from the government before you endorsed it—before you then walked away from it after your change of leader. I am not sure that there is anything else in that contribution that was asked of me that has not been asked and answered on at least one occasion or many more occasions, so I invite the chamber to consider voting on the amendments.

**Senator McGauran** (Victoria) (2.24 pm)—I have two questions with regard to the food processing sector. You may well have smiled at my attendance at the Wimmera field day, but I can assure you I have attended the Wimmera field day for some 20 years now, on a very regular basis. I attend all the field days around Victoria. I am very well known, I must say, in those parts of Victoria. I attend the Liberal Party stand and, I venture to say with modesty, I am very popular. It is a very well attended stand. The National Party also have a stand at the Wimmera field days and I pop over to say hello to my colleagues in the National Party stand.

But one thing I notice is that never in all my term has there ever been a Labor Party stand at the Wimmera field days—never. They have never bothered to turn up, not once. They cannot find a country representative anywhere. Why wouldn’t the Labor Party now have a stand at the Wimmera field days, or any of the field days across Victoria? It is obvious why they do not: they do not really have any true rural representatives, and nor do they have any care for the farm gate and the farmers. They never have—not this government, not the previous Labor government and certainly not the one before that, which was the Whitlam government. So I make that point.
My question, Minister, is: are you aware of any other scheme in the world which includes waste water emissions as liable scope 1 emissions for food processors, in particular for meat processors, for which, I am informed, waste water emissions are the greatest emitting element of the sector?

Senator WONG (South Australia—Minister for Climate Change and Water) (2.26 pm)—I think it is important to remember that just because another country may not include a facility or a type of emissions within their scheme does not mean they do not achieve emissions reductions in other ways. Europe has a much narrower scheme but requires, via regulation and other policy mechanisms, reductions outside of the scheme. So it is the case, for example, that in Europe agricultural emissions are not included, and I believe waste water emissions are not included. But the policy position within the EU scheme is, I think, that they want a 10 per cent reduction in the non-covered sectors by 2020.

We have taken a policy position, consistent with what we took to the election, that says we believe broader coverage of the scheme is more efficient. It means that a business, rather than simply being regulated, can achieve its reductions in emissions at the lowest cost by working out the best way for that firm to reduce its emissions. So, as I said, in Europe those matters may be out but there is a requirement for a 10 per cent reduction by 2020. I thought it might be useful also, given some of the contributions which are being made by senators, to remind them of what was said on 17 July 2007 by Prime Minister Howard:

I will also be announcing a ‘cap and trade’ emissions trading system that will help Australia substantially lower our domestic greenhouse gas emissions at the lowest cost. Stabilising atmospheric concentrations of greenhouse gases will be difficult, but not impossible.

He then went on to say:

Australia will more than play its part to address climate change, but ... in a ... balanced way in full knowledge of the economic consequences for our nation.

I remind them of the policy with which they went to the last election—it is baby blue, titled The coalition government: election 2007 policy, with Mr Costello, Mr Howard and Mr Vaile on the front cover. Page 2 reads:

A re-elected Coalition Government will:

- establish an emissions trading system …

Senator Cash interjecting—

Senator WONG—No, let’s read out what your election policy was, with which you were elected, Senator.

Senator Cash—Details, details!

Senator WONG—Yes. Details, details—details that you went to the Australian people with. The senator interjects, ‘Details, details!’ That is an interesting way to deal with a political commitment to the Australian people, Senator—’just mere details’. I am going to just remind those opposite that this was your election policy:

A re-elected Coalition Government will:

- establish an emissions trading system, the most comprehensive in the world, to enable the market to determine the most efficient means of lowering greenhouse gas emissions;

That is what you went to the election with. You are adopting a position that is more conservative than John Howard’s and you wonder why so many people think that those with extreme views, whether on Work Choices or on climate change, have now got control of the Liberal Party.

Given that we are now closing on 29 or 30 hours of committee debate—

Senator Hurley—‘Closing’ is optimistic!
Senator WONG—Sorry—getting close to. This is, in the context of being accused of rushing it, the second time this has been in the parliament. This is almost more than double what you allowed in debate on Work Choices. I would encourage this chamber to get to the point of voting on these amendments.

Question agreed to.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.31 pm)—I move National Party amendment (1) on sheet 6030:

(1) Clause 24, page 70 (after line 30), at the end of the clause, add:

Exclusion of emissions from non-commercial abatement projects

(4) For the purposes of this Act, an emission of a greenhouse gas from the operation of a facility does not include any emissions from a facility operated in connection with a non-commercial pilot project to develop technologies to:

(a) remove one or more greenhouse gases from the atmosphere; or

(b) reduce emissions of one or more greenhouse gases.

(5) The Minister may, by legislative instrument, develop guidelines to assist in the application of subsection (4), including guidelines on the definition of non-commercial pilot project.

I will be brief. I do not intend we should divide on this but that we should gauge the will of the chamber by the voices. This amendment pertains to coal in the Callide Valley. It is a specific amendment. In the Callide Valley in Queensland they have received a grant for $50 million to bring about carbon sequestration of coal. The effect of the ETS on their current arrangement would be a cost, because the cost of their test project would be approximately $8 million. They would obviously say, ‘What is the point of us trying to follow a program of carbon sequestration if the effect of the ETS is to take away from the money that we have been given as a grant?’ So this amendment is to deal with that issue. If it is supported—good; if it is not—well, I will wait on that.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.32 pm)—This amendment is not supported by the government. We are concerned that the way it is currently worded could extend beyond the factual circumstances put by the senator. There could be a range of people asserting that they are a non-commercial pilot project and who thereby seek a legislative exemption from the scheme. We do not believe that is the most sensitive or efficient way forward. We have put in place specific grant programs to provide additional assistance to these technologies. That includes the $4.5 billion Clean Energy Initiative, of which just under $2½ billion is for the CCS Flagship Program. In addition, facilities that develop the sorts of technologies which are referenced in this amendment are obviously increasingly advantaged in a world where there is a carbon price. So our policy mechanism is to put in place a carbon price and then to target assistance more effectively. The government does not support this amendment.

Question negatived.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.33 pm)—by leave—I move government amendments (8) to (14) on sheet BE 242 together:

(8) Clause 33, page 82 (lines 12 to 17), omit subclause (2), substitute:

Provisional emissions number

(2) For the purposes of this Act, that number is a provisional emissions number of the supplier for the eligible financial year.
Note: See also section 37A, which deals with the exclusion of exported fuel.

(9) Clause 33, page 82 (line 21) to page 83 (line 2), omit subclause (4).

(10) Clause 35, page 85 (lines 14 to 19), omit subclause (2), substitute:

Provisional emissions number

(2) For the purposes of this Act, that number is a provisional emissions number of the supplier for the eligible financial year.

Note: See also section 37A, which deals with the exclusion of exported fuel.

(11) Clause 35, page 85 (line 23) to page 86 (line 5), omit subclause (4).

(12) Clause 37, page 87 (lines 18 to 24), omit subclause (2), substitute:

Provisional emissions number

(2) For the purposes of this Act, that number is a provisional emissions number of the OTN holder for the eligible financial year in which the re-supply occurs.

Note: See also section 37A, which deals with the exclusion of exported fuel.

(13) Clause 37, page 87 (line 28) to page 88 (line 13), omit subclause (4).

(14) Page 88 (after line 13), after clause 37, insert:

37A Exclusion of exported eligible upstream fuel

Object

(1) The object of this section is to ensure that there is no liability under the carbon pollution reduction scheme for exported eligible upstream fuel.

Reduction of provisional emissions numbers—section 33 or 35

(2) If:

(a) under section 33 or 35, or both, a person (the supplier) has one or more provisional emissions numbers for an eligible financial year; and

(b) the supplier has one or more netted-out numbers for the eligible financial year;

the total of those provisional emissions numbers is to be reduced (but not below zero) by the total of those netted-out numbers.

(3) For the purposes of subsection (2), if:

(a) during an eligible financial year, the supplier supplied an amount of eligible upstream fuel to another person (the recipient); and

(b) as a result of the supply, the supplier has, under section 33 or 35, a provisional emissions number for the eligible financial year; and

(c) after the supply, the supplier or recipient exported the fuel; and

(d) the fuel has been entered for export (within the meaning of section 113 of the Customs Act 1901); and

(e) the supplier has prescribed documentary evidence to show that the fuel was exported; and

(f) the potential greenhouse gas emissions embodied in the amount mentioned in paragraph (a) have a carbon dioxide equivalence of a particular number of tonnes;

the number mentioned in paragraph (f) is a netted-out number of the supplier for the eligible financial year.

Reduction of provisional emissions numbers—section 37

(4) If:

(a) under section 37, a person (the OTN holder) has one or more provisional emissions numbers for an eligible financial year; and

(b) the OTN holder has one or more netted-out numbers for the eligible financial year;
the total of those provisional emissions numbers is to be reduced (but not below zero) by the total of those netted-out numbers.

(5) For the purposes of subsection (4), if:

(a) during an eligible financial year, the OTN holder re-supplied an amount of eligible upstream fuel to another person (the recipient); and

(b) as a result of the re-supply, the OTN holder has, under section 37, a provisional emissions number for the eligible financial year; and

(c) after the re-supply, the OTN holder or the recipient exported the fuel; and

(d) the fuel has been entered for export (within the meaning of section 113 of the Customs Act 1901); and

(e) the OTN holder has prescribed documentary evidence to show that the fuel was exported; and

(f) the potential greenhouse gas emissions embodied in the amount mentioned in paragraph (a) have a carbon dioxide equivalence of a particular number of tonnes;

the number mentioned in paragraph (f) is a netted-out number of the OTN holder for the eligible financial year.

The amendments are technical amendments. They are to put beyond doubt what the government previously already considered was clear in the bill. They are to put it beyond doubt because it has been raised with us that there is no liability for a person such as a coal exporter for the emissions associated with the combustion of that fuel overseas.

Question agreed to.

Senator MILNE (Tasmania) (2.34 pm)—I move Greens amendment (24) on sheet 5786:

(24) Clause 88, page 131 (line 19), omit paragraph (e).

This particular amendment relates particularly to the reforestation aspects of the government’s bill. The Australian Greens have argued that the Carbon Pollution Reduction Scheme should be for fossil fuels and that we should keep all green carbon separate from the scheme. We argue that green carbon should be dealt with by a separate mechanism.

By including reforestation, afforestation and, more generally, the land use offsets, you are creating a carbon credit through the scheme—the reforestation, afforestation and some of these other offsets that were discussed in recent times—whilst not having a current mechanism in place to actually look at water sustainability, food security, biodiversity and resilience in rural communities. The Greens believe it is appropriate for all land use issues to be out of the scheme and that there should be a parallel scheme. We have put that forward in two green carbon bills: our Safe Climate Bill, one which deals with the protection of native forests as carbon stores, and another which sets out the parameters for drawing up legislation to this end. We need to do this because of the distortions that have occurred in picking one set of winners in the landscape and not everything else. In the case of the managed investment schemes—and I am not going to go into this at length because the Senate is familiar with what we have been arguing—you have a situation where you give benefits for forestry that are not there for the rest of the farming community, thereby creating distortions in terms of water and land prices.

It is no surprise that the National Association of Forest Industries is in here pushing to have these credits immediately, whereas what we want to see is appropriate plantings of biodiversity, restoration of existing forestry stands around Australia, ending of native vegetation clearance and a whole range of things. We also would like to see steward-
ship payments relating to the removal of weeds, the maintenance of biodiversity and improvement in riparian vegetation. We would like to see credits given for feral animal control, credits given for weed control and so on so that you actually set up a stewardship arrangement in rural and regional Australia that maximises the carbon benefits from those things which we can do easily and first, like the protection of native vegetation and forest, and then moves through to a range of other things that you would reward, including soil carbon.

Senator Joyce recently spoke about the work of Dr Christine Jones. I went out to Warren in New South Wales to have a look at a property where she has been working with the landowner. It was quite amazing. You just shove the spade in and have a look and you can see for yourself the huge improvement made by planting native perennial grasses. The landowner said that the enormous benefits from this were in reduced water costs because you have better water retention in your soil; in your perennial grass dying down at the right time in terms of the crop that you are producing; and in being able to reduce inputs in terms of petrochemical fertilisers. All that is an excellent outcome. His margins have improved because of the change in the system that it is operated in. I have said several times in here that Dr Jones was ostracised for a long time. Now, I am glad to say, her work is finally being looked at in a peer-reviewed context. I am really pleased about that, and I am pleased about the role that the Senate Standing Committee on Rural and Regional Affairs and Transport took in actually facilitating that turnaround.

By picking and choosing things which earn credits without looking holistically at the whole landscape we are going to end up with perverse outcomes, no matter what goodwill might come into this, because it is an incredibly complex area. Neither Land and Water Australia nor the Bureau of Rural Sciences nor the Department of Agriculture, Fisheries and Forestry have really sat down and had a look at how you manage this on a landscape scale, how you manage this at a catchment scale and how we make sure that we end up with a sustainable river system and a sustainable food supply. How do we end up with jobs in rural communities by incorporating renewable energy and the like? How do we change our laws in terms of vegetation and management practices? Where do we have to put the R&D in? There is a really big focus here. We need to go on thinking about a mechanism for rural and regional Australia. My preference would have been to set up an income stream from the Carbon Pollution Reduction Scheme, through 100 per cent auctioning of permits. I would have set up an income stream to fund an authority which would oversee the green carbon mechanism. That is basically what we have set out in our proposed legislation.

So I do not think it is appropriate that we simply reward NAFI, and that is what this is about. The plantation forest industry in Australia has had a big win here with the government, and the people who want to protect native forests have got nothing. The largest carbon stores in the country are being logged. You get a credit for replanting, afforesting and reforesting, but you get nothing for protecting a standing native forest. There has to be something entirely wrong by giving the incentives to things that do not store the carbon in the same capacity as standing forests. There has to be something wrong when you prefer plantation forests over biodiversity in the landscape. That is why the Greens take the view that we ought not to be issuing free units, free permits, to reforestation and afforestation projects, as prescribed in the government’s legislation.
This whole area of land use needs an entirely separate mechanism and decent accounting. That is the other problem we have here: the total dishonesty of the accounting. That is why we have been trying to get the maps from the government throughout, and we still have not got them. Under Kyoto accounting, which is separate from this, you can log a carbon-dense native forest and pay no carbon penalty whatsoever. The emissions are not counted under the Kyoto accounting rules. You can transfer the wood that you cut down to a Gunns pulp mill furnace where you can burn it, and you can get credits for that as renewable energy in spite of the fact that at no stage have you had to account for the emissions. This is ridiculous. Emissions are deemed to have been accounted for at the place that the trees were felled and yet they are not, because under the accounting rules you do not have to account for the emissions from logging a carbon-dense native forest providing that that forest is replanted. The assumption is that over time you will end up with carbon neutrality because if you do not change the land use the forest will regrow and over several hundred years you might end up with some equilibrium. But the point at issue is that you never end up with that equilibrium because you have lost a massive amount of carbon from a primary forest, and you are never going to have your forest growing in the ground long enough to take up that amount of carbon.

When I say ‘long enough’, it is in the context of what we have to do to avoid emissions. We have just had the discussion of 350 parts per million, and that whole thing goes to this issue of time. We do not have time to wait for a primary forest to regenerate and, in 200 years or 500 years down the track, have as much of the carbon in it as it has now. That is where we are going horribly wrong with the whole accounting procedures in terms of forestry. The Greens do not support the inclusion of plantations in the CPRS. We want the lot out—not only agriculture out but also those plantations out—and a completely different method for rewarding carbon sequestration in the landscape.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.44 pm)—I will not traverse the discussions that we have had in the chamber on these issues over the last few days. Consistent with those, the government will not be supporting this amendment.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (2.45 pm)—Very briefly, although we concur with the remarks on Dr Christine Jones, we do not agree with the extent of this amendment. We believe that there is still a role for carbon credits in the form of plantation.

Question put:
That the amendment (Senator Milne’s) be agreed to.

The committee divided. [2.49 pm]

(The Chairman—Senator the Hon. AB Ferguson)

Ayes…………… 5
Noes…………… 49
Majority……… 44

AYES
Brown, B.J. Hanson-Young, S.C.
Ludlam, S. Milne, C.
Siewert, R. *

NOES
Adams, J. * Arbib, M.V.
Back, C.J. Bernardi, C.
Bilyk, C.L. Bishop, T.M.
Boswell, R.L.D. Boyce, S.
Brandis, G.H. Brown, C.L.
Bushby, D.C. Cameron, D.N.
Carr, K.J. Cash, M.C.
Colbeck, R. Collins, J.
Conroy, S.M. Cormann, M.H.P.
Crossin, P.M. Farrell, D.E.
Feeney, D. Ferguson, A.B.
Fielding, S. Fifield, M.P.
Fisher, M.J. Forshaw, M.G.
Furner, M.L. Hogg, J.J.
Hurley, A. Hutchins, S.P.
Johnston, D. Kroger, H.
Lundy, K.A. McEwen, A.
McLucas, J.E. Moore, C.
Nash, F. O’Brien, K.W.K.
Parry, S. Polley, H.
Pratt, L.C. Ryan, S.M.
Stephens, U. Sterle, G.
Troeth, J.M. Trood, R.B.
Wong, P. Wortley, D.
Xenophon, N.

* denotes teller

Question negatived.

The CHAIRMAN—The question now is that part 10 stand as printed.

Question agreed to.

Senator MILNE (Tasmania) (2.53 pm)—

I move Australian Greens amendment (30) on sheet 5786:

(30) Page 138 (after line 4), after clause 95, insert:

95A  Domestic transfers of Australian emissions units

(1) If a person (the first person) is the registered holder of one or more Australian emissions units, the person may, by electronic notice transmitted to the Authority, instruct the Authority to transfer the units from the relevant Registry account kept by the person (the first Registry account) to:

(a) a Registry account kept by another person; or
(b) another Registry account kept by the first person.

(2) An instruction under subsection (1) must set out:

(a) the account number of the first Registry account; and
(b) the account number of the Registry account mentioned in paragraph (1)(a) or (b); and
(c) such other information as is specified in the regulations.

Compliance with instruction

(3) If the Authority receives an instruction under subsection (1), the Authority must give effect to the instruction as soon as practicable after receiving it.

(4) If the Authority gives effect to an instruction under subsection (1), the Registry must set out a record of the instruction.

(5) If the first person is the Commonwealth, the Minister may give an instruction under subsection (1) on behalf of the first person.

95B  Outgoing international transfers of Australian emissions units

(1) If a person (the first person) is the registered holder of one or more Australian emissions units, the person may, by electronic notice transmitted to the Authority, instruct the Authority to transfer the units from the relevant Registry account kept by the person (the first Registry account) to:

(a) a foreign account kept by another person; or
(b) a foreign account kept by the first person.

(2) An instruction under subsection (1) must set out:

(a) the account number of the first Registry account; and
(b) such other information as is specified in the regulations.

Compliance with instruction

(3) If the Authority receives an instruction under subsection (1), the Authority must give effect to the instruction as soon as practicable after receiving it.

(4) If the Authority gives effect to an instruction under subsection (1), the Registry must set out a record of the instruction.

(5) If the first person is the Commonwealth, the Minister may give an in-
In moving the Australian Greens Amendment (30) on sheet 5786 regarding the insertion of some clauses for the international transfer of Australian emissions units.

Honourable senators interjecting—

The TEMPORARY CHAIRMAN (Senator Carol Brown)—Order! Sorry, Senator Milne. There is far too much noise in the chamber. Those who are not participating in the debate, please leave the chamber.

Senator MILNE—The amendment inserts some clauses with regard to the domestic transfer of Australian emission units and, in particular, the outgoing international transfer of Australian emission units. It allows for what is effectively a free trade in those units. We had this discussion last night with the minister pertaining to why the Greens would restrict the import of permits to 20 per cent. We cannot see why the government is opposed to the export. The minister made some remarks in relation to this last night. I do not think it needs any further elaboration.

Senator WONG (South Australia—Minister for Climate Change and Water) (2.55 pm)—I did traverse this in a previous amendment and made it clear that we want to maintain the policy position of not allowing export in the initial years of the scheme. It could put upward pressure on the domestic price of units and add complexity. It would also be problematic whilst the cap is in place. I think I have previously discussed those issues.

Question negatived.

Senator MILNE (Tasmania) (2.55 pm)—by leave—I do not intend to call a division. I would just like it to be noted that only the Australian Greens supported that amendment.
that it is impractical. It would be difficult to enforce and, frankly, also easily avoided.

I should indicate that—in relation to the substantive legislation or one of the consequential bills before the chamber—we think having a sound regulatory system in relation to this new market is important. We have put forward a scheme which deems units as financial products and they will be regulated by the same pieces of legislation and regulation that this parliament has already passed or will pass in the future in relation to financial product regulation.

Senator MILNE (Tasmania) (2.58 pm)—
I have some sympathy with Senator Joyce’s amendment because of the appalling experience that people around Australia had with the virtual non-existence of the oversight of the managed investment schemes by the Australian Securities and Investment Commission. We found that ridiculous commissions were being paid and that, contrary to financial regulation, they were not transparent to investors who were discussing matters. The investors were not even aware that often the people that they were talking to had special arrangements with various companies, and so on. However, we also concur with the government that a parliament cannot regulate to this level in the financial market.

I have to put on the record that I do not think ASIC has done a very good job at all in regulating this and I am very fearful that the carbon market will end up with the same sorts of sharks that we have seen wherever complex financial products have been developed—as the managed investment schemes turned out to be. You get middle people who make vast fortunes out of dealing in bits of paper, and there is not very good transparency so it is quite difficult to track exactly what they are trading in. That is what happened with the derivatives market, and I am fearful we will end up with exactly the same thing in the carbon market. That is not just an issue for the Australian carbon market; it is an issue for the global carbon market. How you regulate the carbon market to ensure transparency, proper oversight and so on is a matter that is quite widely discussed in international circles.

I just wanted to put on the record that I completely understand where Senator Joyce is coming from. Poor oversight in Australia has resulted in a lot of people losing a great deal, and the managed investment schemes are a classic case. I think it would be appropriate, prior to the review stage of the establishment of such a scheme, for ASIC to be put on notice about the need to introduce appropriate oversight of the carbon market as it operates in Australia and also in the context of how it operates around the world.

Senator XENOPHON (South Australia) (3.01 pm)—I concur broadly with the remarks of Senator Milne. I am quite sympathetic to Senator Joyce’s amendment. Some would say that it is mischievous in the sense that it has such a low level of commission, but I think the intent is good. There is real concern that the spivs might take over the carbon market, that the markets may be manipulated, when this is about reducing emissions. I indicate that I would rather support Senator Joyce’s amendment than not have any other framework in place.

Question negatived.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.02 pm)—by leave—I move government amendments (15), (16) and (18) to (21) on sheet BE242 together:

(15) Clause 97, page 139 (line 2), omit “14 days”, substitute “90 days”.

(16) Clause 97, page 139 (line 14), omit “14-day”, substitute “90-day”.

(18) Clause 116C, page 157 (line 11), omit “14 days”, substitute “90 days”.

CHAMBER
(19) Clause 116C, page 157 (line 23), omit “14-day”, substitute “90-day”.
(20) Clause 122B, page 163 (line 22), omit “14 days”, substitute “90 days”.
(21) Clause 122B, page 164 (line 4), omit “14-day”, substitute “90-day”.

These are quite simple technical amendments, simply to extend the time frame for transmission of units upon the death of an account holder from 14 days to 90 days.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.02 pm)—The opposition wishes to support these amendments by the government. They are technical in nature and have our support.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.03 pm)—I should be clear that the death of an account holder is one example; there are a range of other circumstances where such a transfer would be required.

Question agreed to.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.03 pm)—I move government amendment (17) on sheet BE242:
(17) Clause 103, page 142 (line 16), omit “The Authority”, substitute “The Minister”.

This is, again, a technical amendment in relation to auctions of emissions units. It provides that the minister can make the legislative instruments to determine the policies, procedures and rules that apply to auctions. It also is an enabling clause to ensure that the government can deliver on its negotiated agreement with the opposition in relation to deferred payment, which was one part of the electricity sector amendments that were agreed.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.04 pm)—The opposition concurs with these remarks. We see this as a technicality and therefore, in brevity, we support them.

Question agreed to.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.04 pm)—by leave—I move government amendments (22) to (24), (31), (32), (34) and (40) on sheet BE242 together:
(22) Clause 130, page 176 (line 8), omit “more.”, substitute “more; and”.
(23) Clause 130, page 176 (after line 8), at the end of subclause (1), add:
   (c) if the current eligible financial year begins on or after 1 July 2012—there is a national scheme cap number for the current eligible financial year.
(24) Clause 132, page 179 (line 9), before “there is”, insert “if the current eligible financial year begins on or after 1 July 2012—”.
(31) Clause 226, page 300 (line 16), omit “interpretation”, substitute “Interpretation”.
(32) Clause 239, page 319 (line 12), omit “projects areas”, substitute “project areas”.
(34) Clause 241B, page 326 (line 25), before “a chargee”, insert “is”.
(40) Clause 375A, page 454 (line 2), omit “a State”, substitute “the State”.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.05 pm)—We see these as technical corrections of drafting errors in the initial draft. For the sake of brevity, we support them.

Question agreed to.

Senator XENOPHON (South Australia) (3.05 pm)—by leave—I move the amendments standing in my name, (2) to (7) and (9) to (11) on sheet 5912, together:
(2) Page 204 (after line 4), after Part 7, insert:

Part 7A—Electricity generation benchmark scheme

Division 1—Introduction

164A Aim and objects
(1) The aim of this Part is to create incentives for the electricity generation sector in Australia to reduce emissions.

(2) The objects of this Part are:

(a) to create incentives for abatement of emissions while mitigating the price impact of electricity wholesale prices on users; and

(b) to ensure that any increase in energy costs is a gradual increase for all users; and

(c) to promote lower emissions and improved price signals in relation to electricity generation; and

(d) to provide orderly transitional arrangements in respect of all electricity generated in Australia until 2030.

164B Simplified outline

The following is a simplified outline of this Part:

- The regulations may formulate a scheme, to be known as the electricity generation benchmark scheme, for the issue of free Australian emissions units in respect of all electricity generated in Australia.

- The electricity generation benchmark scheme may:
  (a) require a recipient of free Australian emissions units to relinquish units; and
  (b) impose reporting or record-keeping requirements on a recipient of free Australian emissions units.

Division 2—Formulation of the electricity generation benchmark scheme

164C Electricity generation benchmark scheme

(1) The regulations must formulate a scheme (to be known as the electricity generation benchmark scheme) for the issue of free Australian emissions units in respect of all electricity generated in Australia.

(2) For the purposes of regulations made under subsection (1) the allocation of free units to electricity generators under the scheme is the product of:

(a) the electricity production for the year; and

(b) the electricity generation allocation factor for the year;

where:

electricity production for the year means the total number of megawatt hours of electricity generated by the generation unit in the financial year.

electricity generation allocation factor for a year means the amount specified in the following table for the financial year:

<table>
<thead>
<tr>
<th>For the financial year beginning...</th>
<th>Electricity generation allocation factor</th>
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<tbody>
<tr>
<td>1 July 2011</td>
<td>0.86</td>
</tr>
<tr>
<td>1 July 2012</td>
<td>0.83</td>
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<tr>
<td>1 July 2013</td>
<td>0.79</td>
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<tr>
<td>1 July 2014</td>
<td>0.76</td>
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<tr>
<td>1 July 2015</td>
<td>0.73</td>
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<tr>
<td>1 July 2016</td>
<td>0.70</td>
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<td>1 July 2017</td>
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<tr>
<td>1 July 2029</td>
<td>0.28</td>
</tr>
<tr>
<td>1 July 2030</td>
<td>0.25</td>
</tr>
</tbody>
</table>

(3) The electricity generation benchmark scheme must provide that free Australian emissions units must not be issued to a person in accordance with the scheme unless the person:

(a) meets such requirements as are specified in the scheme; and

(b) has a Registry account.
(4) The Minister must take all reasonable steps to ensure that regulations are made for the purposes of subsection (1) before 1 July 2010.

164D Relinquishment requirement
(1) The electricity generation benchmark scheme may provide that, if:
(a) a number of free Australian emissions units have been issued to a person in accordance with the scheme; and
(b) any of the following subparagraphs applies:
(i) a specified event happens;
(ii) a specified circumstance comes into existence;
(iii) the Authority is satisfied about a specified matter;
the person is required to relinquish a number of Australian emissions units ascertained in accordance with the scheme.
(2) Division 3 of Part 15 relating to compliance with relinquishment requirements applies in relation to the scheme as if a reference to the emissions-intensive trade-exposed assistance program was a reference to the electricity generation benchmark scheme.
(3) The number of Australian emissions units required to be relinquished by the person must not exceed the number of units mentioned in paragraph (1)(a).

164E Reporting requirement
Scope
(1) This section applies to a person if free Australian emissions units have been issued to the person in accordance with the electricity generation benchmark scheme.
Requirement
(2) The electricity generation benchmark scheme may make provision for and in relation to requiring the person to give one or more written reports to the Authority.

164F Record-keeping requirement
Scope
(1) This section applies to a person if free Australian emissions units have been issued to the person in accordance with the electricity generation benchmark scheme.
Requirement
(2) The electricity generation benchmark scheme may make provision for and in relation to requiring the person to:
(a) make records of information specified in the scheme; and
(b) retain such a record, or a copy, for 5 years after the record was made.

164G Other matters
(1) The electricity generation benchmark scheme may make provision for and in relation to the following matters:
(a) applications for free Australian emissions units;
(b) the approval by the Authority of a form for such an application;
(c) information that must accompany such an application;
(d) documents that must accompany such an application;
(e) the method of calculating the number of free Australian emissions units to be issued to a person in accordance with the scheme.
(2) The electricity generation benchmark scheme may provide that an application for free Australian emissions units must be accompanied by a prescribed report.
(3) The electricity generation benchmark scheme may provide for verification by statutory declaration of statements in applications for free Australian emissions units.

164H Ancillary or incidental provisions
The electricity generation benchmark scheme may contain ancillary or incidental provisions.
Division 3—Compliance with reporting and record-keeping requirements under the electricity generation benchmark scheme

164I Compliance with reporting and record-keeping requirements

Reporting requirements

(1) If a person is subject to a requirement under the electricity generation benchmark scheme to give a report to the Authority, the person must comply with that requirement.

Record-keeping requirements

(2) If a person is subject to a requirement under the electricity generation benchmark scheme to:

(a) make a record of information; or
(b) retain such a record or a copy;
the person must comply with that requirement.

Ancillary contraventions

(3) A person must not:

(a) aid, abet, counsel or procure a contravention of subsection (1) or (2); or
(b) induce, whether by threats or promises or otherwise, a contravention of subsection (1) or (2); or
(c) be in any way, directly or indirectly, knowingly concerned in, or party to, a contravention of subsection (1) or (2); or
(d) conspire with others to effect a contravention of subsection (1) or (2).

Civil penalty provisions

(4) Subsections (1), (2) and (3) are civil penalty provisions.

Note: Part 21 provides for pecuniary penalties for breaches of civil penalty provisions.

Amendments (3) to (7) are consequential to amendment (2)

(3) Clause 82, page 128 (after line 12), after paragraph (a) under the fourth dot point, insert:

(aa) the total number of free Australian emissions units issued in accordance with the electricity generation benchmark scheme; and

(4) Clause 88, page 131 (after line 14), after paragraph (b), insert:

(ba) in accordance with the electricity generation benchmark scheme; or

(5) Clause 93, page 136 (after line 29), after paragraph (a), insert:

(aa) the total number of free Australian emissions units with that vintage year issued in accordance with the electricity generation benchmark scheme; and

(6) Clause 101, page 141 (after line 23), before subparagraph (1)(a)(i), insert:

(ia) in accordance with the electricity generation benchmark scheme; or

(7) Clause 103A, page 143 (after line 29), before subparagraph (1)(a)(i), insert:

(ia) in accordance with the electricity generation benchmark scheme; or

(9) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1C) The regulations must determine coal mining to be an emissions-intensive trade-exposed activity.

(10) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1D) For the purposes of regulations made under subsection (1):

(a) emissions-intensity must be assessed in relation to whether the industry-wide weighted average emissions intensity of an activity is above a threshold of:

(i) 1,000 tonnes of carbon dioxide equivalent per $1,000,000 of revenue; or

(ii) 3,000 tonnes of carbon dioxide equivalent per $1,000,000 of value added; and

(b) assistance to eligible activities must be set at 100% of the emissions-intensive trade-exposed elec-
tricity allocative baseline for activities that have an emissions intensity above the threshold in the assessment period; and

(c) the level of assistance to an eligible activity continues to apply to that activity until there is a comprehensive international agreement in relation to carbon pricing.

(11) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1E) The emissions-intensive trade-exposed electricity allocation factor for a year is:

\[ 1 - \text{electricity generation allocation factor for that year}. \]

These amendments are a package of modifications that will adapt the government’s CPRS to an ETS in line with the Frontier Economics recommendations. The Frontier modelling demonstrates that the government’s CPRS model will result in too much churn, will impose too big an impost on the Australian economy and will not deliver enough for the environment.

Specifically, amendment (2) incorporates the electricity generation benchmark scheme, its aims, objectives, formulae and reporting requirements, through a new part 7A. The amendment outlines that the purpose of the scheme is to create incentives for the electricity generation sector to reduce emissions without the steep price rises that you would see in the government’s scheme. We know that the demand for electricity is relatively inelastic relative to price and I consider that this is the most effective way to compensate consumers for the cost of the CPRS whilst reducing the intervention of government through the scheme as proposed.

It also indicates the method through which the majority of modifications will be made through the guidelines, with the minister to create regulations using his aims, objectives and formulae. I draw my colleagues’ attention particularly to part 7A, division 2, section 164C. This provides not only for a number of free units to be allocated each year but also for a formula to reduce the number of permits issued under a benchmark for each year until 2030. This formula relies on the reduction of an electricity generation allocation factor, which is documented in the table included within section 164C, and these changes equate to an allocation of 0.86 tonnes of CO2 permits per megawatt hour of electricity generated in 2011 being progressively reduced to 0.25 tonnes per megawatt hour generated in 2030.

The implication of this benchmark is that it will preserve the incentives for all generators to reduce emissions, but it will reduce the average cost to consumers and provide shielding for a smoother transition to increase energy prices than under the CPRS. The final part of amendment (2) details requirements of relinquishment of permits and reporting and record-keeping requirements, as well as compliance provisions, including several penalty provisions. Amendments from (3) through to (7) are consequential. So this provides for an electricity benchmark scheme. It is something I have had numerous discussions with Senator Wong about. We have a fundamental disagreement, but I think you can still want to do the right thing by the environment but have an alternative policy approach. It is important that we put into context that it is very unfortunate that the information that has been requested previously in terms of the full modelling has not been provided.

Broadly, this debate and this vote are clearly not as simple as a black-and-white choice between those who believe in climate change and those who do not. The other dimension that must be acknowledged is that many people agree with the need to do something about climate change, the need for action, but disagree with the means for achiev-
ing this. These people fall on both sides of the parliament, including those interested in minimising the costs of the scheme and those interested in pursuing higher reduction targets. That is something that I want; I want both. This policy needs to be judged on its merits, and to do so we need to be fully informed. So far the government has not provided full and transparent analysis of the costs involved, and I do not think this is excusable for a policy decision of such magnitude. Interestingly, the government did provide some details last week, and I welcome that, but they still do not go far enough in the material that is needed to have a fully informed debate.

I have been transparent about my information analysis because I welcome a debate. The government, and Treasury in particular, have been less than fully transparent about their analysis in response. If the government believe as strongly as they do about the importance of passing this bill, surely they can make the effort to support their case for this policy with transparent analysis so that we can make a fully informed decision in relation to the Frontier model. I note the media reports today—an article by Lenore Taylor in the Australian and one by, I think, John Breusch in the Financial Review—about a Treasury analysis about the Frontier model, which was obtained by the Australian. That analysis has not been released publicly. I accept fully that the government was not behind that leak. For some reason it has been leaked, and I would have thought that, now that the material is out in the public domain, the full modelling and analysis ought to be out there.

In particular, the government still has not provided the information on a whole range of key matters to properly consider the Frontier scheme with regard to electricity price projections. This is my main concern, since the government analysis appears both internally inconsistent and inconsistent with all reports of projected electricity price rises, including the reported findings of IPART—the Independent Pricing and Regulatory Tribunal—in New South Wales, which indicated quite significant price rises projected over a three-year period in terms of the CPRS specifically. This raises grave concerns about the government’s claims regarding the level of household compensation on offer and also its purported comparisons with the Frontier analysis.

Last year Treasury estimated a 17 to 24 per cent electricity price increase, of about $4 a week, and 11 to 15 per cent gas price increases resulting from the CPRS. Yet last week the government’s media release on compensation to households, which reports that compensation will be in the order of 120 per cent—and the government has been entirely transparent about that level of compensation—relies on an estimated seven to 12 per cent electricity price increase, about $2 a week, and a four to seven per cent gas price increase. This difference cannot be explained by the capped carbon price of $10 in 2011, since the assumed carbon price is $26 in 2012. The government has not provided anything to support these latest estimates in my view, but it is the cornerstone of the claim regarding the level of household compensation, so this information is essential.

However, the reports are that IPART in New South Wales are projecting electricity price increases in the order of 50 to 60 per cent, of which around half can be attributed to the CPRS. If these estimates are correct then the government claim regarding the level of compensation must be corrected so that we can make an informed decision on this policy. With regard to the growth in emissions-intensive trade-exposed industries, the Treasury has never released full details regarding the projected ET growth and the assumptions underlying its allocated expen-
diture for this purpose, which is a key component of the budget projections. On the face of it, it appears that Treasury has relied on simple accounting assumptions that ETs will grow at historic rates, which is inconsistent with the intent of the scheme. This remains speculation, because Treasury has not provided the adequate information in relation to that. Again, we need this information to make an informed decision.

The *Australian* today reports on the secret Treasury analysis of the Frontier model, which I have already referred to, that claims a considerable difference in budget impacts. The lack of transparency is disappointing given the importance of this debate. It is not clear why the government refuses to open its analysis to scrutiny in terms of the full modelling. It is difficult to comment on this secret report, and again I am not blaming the government for releasing it. However, the headline result does not stand up to logical analysis. Both schemes essentially involve a tax that is recycled back to Australian households, including both businesses and households. It defies logic to suggest that the government scheme can simultaneously take the same tax pie and provide more back to the community and still deliver a larger budget result as claimed. I just do not follow that. The most logical explanation is that the government has relied on its incorrect assumption of low electricity price increases to purport to deliver a higher level of compensation at a lower cost. Of course, this is the danger of relying on analysis based on simple accounting analysis rather than rigorous modelling of the alternative.

Furthermore, the government groups a range of policy amendments under the banner of the Frontier model. To be clear, the government’s purported differences in budget impacts appear to be driven by the treatment of coalmines and easy compensation, and they are only part of the policy package that Frontier modelled and could hardly be described as a core part of the Frontier scheme. Simply put, the government cannot claim to reject the electricity benchmark scheme on the basis of the budget impacts of other policy measures. The government appears to completely ignore the impacts of the CPRS on tax revenue, such as PAYE, company tax et cetera, which is where the main gains of the Frontier model arise from.

On the issue of uncertainty, the government has suggested that it is concerned about the uncertainty of permits allocated to electricity consumers under the Frontier model. This incorrectly implies that the government scheme delivers certainty. That is a fallacy. The government also faces carbon price uncertainty in its lump sum compensation to households, amongst other things. It is already evident that if the carbon price is lower than projected then the government will run out of revenue sooner and run into deficit. No scheme is entirely certain and to suggest otherwise just would not be accurate.

It has also been suggested that the electricity benchmark scheme somehow increases the potential cost for other sectors. The original Frontier report made it clear that this is simply incorrect. Businesses are indifferent about buying permits from the Australian government or from overseas and the domestic cap set in Australia does not limit domestic emissions in Australia. As such, this does not increase costs to other sectors and nor does it provide any certainty around domestic emissions in Australia. The government must concede that they have no control over domestic emissions under their scheme so that any implication of greater certainty is simply not true. That is why I support this particular model and I welcome debate in relation to this.
Senator WONG (South Australia—Minister for Climate Change and Water) (3.16 pm)—Senator Xenophon, whom I respect, has made a number of assertions that I am going to have to counter strongly. I admire his loyalty, because I know that he has worked with Frontier and Mr Price on many occasions previously and he has continued to advocate for this scheme when others have dropped off. For a while he had support from the Liberal Party and you may get that again, Senator. You never know, you may be able to convince Mr Abbott to adopt it.

But if you want to accuse the government of not being transparent I do not think that the government has had a fully worked out report with disclosed assumptions from you or from Frontier. In fact, my recollection is that officials from my department met with Frontier not long after the report was released. Those assumptions have not been made clear to us. But leaving that aside—because the government is not going to drop this policy, and I have made that clear—I am advised that the only way Frontier actually balances the fiscal balance is to not pay any compensation to households. So, Senator, if you are going to criticise the government’s scheme for assistance to households could I respectfully suggest that you disclose to the chamber if you propose to provide any assistance to households, because that is the basis on the figures we have provided and tabled in this chamber of the Treasury advice. In fact, from memory, Treasury was actually quite generous in that it modelled a portion of the household package as compensation.

To paraphrase you, Senator Xenophon, you said that there are different ways of taking action on climate change and different plans. That is true. But it needs to be a plan that works. This is not a model that has been put forward and will be operational in this form, as I am advised, anywhere in the world. In your comments you were mixing up figures. You accused the government of saying that electricity prices would rise between seven and 12 per cent. What we have said is seven per cent for the first year and approximately 12 per cent thereafter. So that was a two-year indication. You then also said that the compensation the government has put on the table is inadequate. Again, I say that in a circumstance where neither you nor Frontier has made clear whether or not you would offer any household assistance that would seem to be a little self-defeating as an argument. I say that both the Prime Minister and I have previously indicated that each year in the budget context we will continue to review and monitor the adequacy of the household compensation package. In other words, if the carbon price is higher or if the electricity price rises more than anticipated that is something the government can adjust in a budget context. That is a commitment to which we will be held to account should this scheme pass.

With regard to the higher targets that you wish to achieve—and we have had this debate before—and from what we know from the Frontier report, your scheme would in fact lead to lower targets in Australia than the government’s scheme. We are at one in saying that international trade is a good thing. I think we agree on that. But the reality is that I do not think it is logically consistent to say that it is a greener scheme if the only way you get a more significant target is by increasing the number of overseas permits.

I say to you, Senator Xenophon, that whilst I disagree with your policy—and you know that—I do commend you for actually putting something forward and having the willingness to put a different policy forward. It is not one that has gained a deal of support either in this chamber or in the community, but I think it has been a very sound attempt to put a different policy on the table, even if
the government and I do not agree with the policy that is proposed.

In relation to uncertainty, when I raised previously the uncertainty issue it was not in relation to the electricity sector; it was in relation to the other sectors. In fact, what the model that you are proposing does is give certainty to electricity generators at the expense of certainty in the other sectors in the economy. I will postulate that that may be why others in the business community have not been supportive.

I have been handed a note by my advisers asking me to clarify my comments in relation to contact between my department and Frontier Economics. There has been contact, but I need to confirm the precise timing of that contact. I think I said the contact was a year ago and that may not be correct. I will get some advice on that and perhaps discuss that with you later, Senator Xenophon. In short, we do not agree with this model. We do not think this is a sensible way forward, but I have to say that at least Senator Xenophon, as a single Independent senator, has done more than the opposition has in terms of putting forward a policy. The other side’s policy appears to be to just say no.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.22 pm)—We would like to commend Senator Xenophon for the work he has put in, and also the work of Danny Price and Frontier Economics. We concur with a lot of the issues that Danny Price has brought to light, especially with regard to costings—in fact, we have been referring to them as we have gone through. However, to agree to Senator Xenophon’s amendment would be to agree to another form of emissions trading scheme prior to Copenhagen. We do not concur with that; we think that we should be looking for more prominent positions being taken by the major emitters around the globe. At this point in time, merely days before Copenhagen, unfortunately we are disinclined to support Senator Xenophon on this amendment.

Senator XENOPHON (South Australia) (3.23 pm)—I thank both Senator Joyce and Minister for Climate Change and Water for their responses. In relation to some of the matters raised by the minister I would like to put on the record that Frontier Economics are willing to show all their modelling and all their analysis to Treasury and to the minister’s department. They have made that very clear. There was a meeting earlier this year between Frontier the department—I think in April, but I may be mistaken. The minister’s Chief of Staff, Don Frater, was at that meeting and I think it is fair to say that it was discussion on the government’s scheme rather than a detailed consideration of the Frontier scheme. I think that is a fair summary of that meeting. It was useful, but in my view it was not a detailed analysis of the Frontier scheme.

There is a real concern that a number of aspects of the modelling have not been released. I am grateful that the government provided some details last week, a partial response, but it still has not provided details of how the climate change agreement funds will be distributed, how the level and allocation of assistance is determined or how regional impacts are estimated. It also has not given details of how the household assistance will be calculated and distributed—which households are eligible, how the level of assistance per household is to be determined, whether household assistance will vary with the carbon price and, if so, how frequently it will be adjusted. This relates to Treasury’s analysis of the Frontier scheme.

Those are some of a number of aspects that have not been provided. There is an absolute willingness on the part of Frontier to engage with the government and to show all
their information, all the details in relation to this. Let us put this into perspective. I think the minister said that she commends me for my loyalty to Mr Price and Frontier. I think it is a question of loyalty to a good idea. I first fought battles with Mr Price against the South Australian Liberal government in 1998-99.

Senator Wong—I’m not John Olsen.

Senator XENOPHON—I think both you and John Olsen would say thank goodness for that! At that time Danny Price and the consultancy he was working for made certain predictions about price rises if the Olsen government adopted a particular model for privatisation. Madam Temporary Chair, I think you were also there at that time. I still remember question times when the then Liberal government would seem to pick on me and Danny Price, much to the relief of some of the Labor members in the upper house. They were quite delighted and I remember being thanked because the opposition ignored the then Liberal government. This does not mean that Danny Price’s predictions will always come to fruition, but his predictions were uncannily accurate. He predicted a 30 to 35 per cent rise in electricity prices and the ultimate figure was 32 per cent. I believe this was because of the way the privatisation was structured.

This firm has form in terms of looking at electricity markets and emissions trading schemes. The first mandatory emissions trading scheme anywhere in the world was implemented by New South Wales Premier Bob Carr 10 years ago. That scheme was designed and implemented by Frontier. It was a baseline and credit scheme. To put it in perspective, this is not a baseline and credit scheme—it is a modification; an intensity based scheme. Given the constraints set by the Carr government, a state government, it was a very successful scheme in terms of abatement. It was a greenhouse gas abatement scheme, a GGAS, that worked to encourage investment in low emission technologies and to encourage landfill gas management and the like. These are good things. Even with the constraints the scheme still took millions of tonnes of CO2 out of the atmosphere—a welcome development. Frontier Economics has form in designing an emissions trading scheme and taking into account the various factors in working out how it will work in practical terms.

The minister says there will be no compensation to households under the Frontier scheme. The minister is right in saying that, but that is because you do not need to compensate households, for two simple reasons: firstly, there will not be the same spike in electricity prices—

Senator Wong—But there is an increase.

Senator XENOPHON—I concede that there is an increase, Minister, but not to the same extent. It is a fraction of the increase from the government scheme. The other factor is that, in Frontier’s model, real wages are $800 a year better off. It is almost like getting a stimulus payment cheque year in and year out. Households are unambiguously better off in net terms. That is a key factor that needs to be taken into account. I do not think you can ignore what the Independent Pricing and Regulatory Tribunal has said. The minister quite clearly said that a draft report was leaked to the media, but anyone who knows how IPART operates knows that it is an independent tribunal which does not put out a draft determination lightly. The fact is there had been a long process before IPART got to that stage. IPART has made it clear that it is predicting rises in the order of 60 per cent, half of that due to a CPRS. That goes way beyond what has been modelled so far. I think IPART has looked at how the marketplace has worked. In terms of com-
pensation to households, it does not have the level of direct compensation to households because there is real wages growth, but there is certainly scope for this depending on the budget effects and other policies put in place if there is anyone left out. But I still think you can say that real wages are better off under the scheme.

There are still some unanswered questions. It is worth putting on the record that the government originally asserted when they lowered the projection for the future carbon price that it would make it harder to afford the proposed coalition amendments. It was the Frontier response to the Treasury critique, which I tabled, that pointed out that required household assistance should also be lower if the carbon price is lower, making it more affordable. Ironically, Treasury picked up on this point to rely on funding for their revised offer to the coalition. I think there is a real issue there.

Also—and I am not sure if this has been raised previously—if comment is made about the importance of a price signal for electricity then how can this be reconciled? I do not know whether Senator Brown or my other colleagues in the Greens take this point. How can the government reconcile this approach with their treatment of petrol, given that they proposed to use tax revenue to offset the fuel price rise? I think there is an argument here about the MMA modelling, which some would say is an outlier in terms of the relative price effects on the elasticity or relative inelasticity of demand.

The other factor in getting to targets is that this approach is all about having a white certificate scheme in place, but if you had comprehensive energy abatement programs in place, something that the Greens and others have advocated for a number of years, you would actually get a better result. It is all part of a comprehensive package to reduce emissions. They are some of the matters that I think need to be considered.

The government said this is not a model that has been put forward elsewhere. I think the only real precedent has been the European scheme, which has had significant teething problems. I acknowledge that the government says that it will learn from that. But, in relation to the government saying, ‘This model has not been put forward elsewhere,’ it has effectively put forward the same plan for fuel tax offsets—in other words, the use of permit revenues to offset price rises. Some would say that it is an intensity based model—you look at the level of emission intensity as a factor of compensation. So, Minister, we will have to agree to disagree. You can want to get to the same destination but choose to get there by a different path.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.33 pm)—I just want to congratulate Senator Xenophon. This is very heavy and difficult territory. On balance, the Greens will not be supporting the amendments, but there are areas of quite notable merit in the work that Senator Xenophon has done here. It has been a lot of work, and I know he has been talking with the government a lot about it. But I do think Senator Xenophon deserved to get more information out of the government about the modelling on this. We have supported him all the way down the line on that. We would all be better off today if that information had been forthcoming. On balance, we will not be supporting these amendments, but it is very difficult territory and there is merit in it. It is something that the government needs to look at. It will be interesting to see what the result of this debate is today, but it is something that we will continue to liaise with Senator Xenophon about in the coming times.
Senator ABETZ (Tasmania) (3.34 pm)—
It is almost spooky when I can say, ‘Ditto,’ to Senator Bob Brown’s contribution, but Senator Xenophon has done a lot of good work in this area with Frontier Economics. They have credibility in this space in relation to modelling and I must say that there is a lot of credibility associated with their position. I gave the situation, as outlined by the IPART report, an airing yesterday evening. Unfortunately, the minister was not able to respond, simply dismissing the report as a draft. But, as I recall Senator Xenophon pointed out last night and again today, the draft report is usually pretty well a finalised report. The fact that that report has now made its way into the public arena is courtesy of either the independent IPART or the state government of New South Wales. If the state government is responsible for it being in the public arena there is only one real reason for that, and that is its concern about a higher price in electricity charges.

The fact that the government will not engage on this and provide us with the information and responses needed concerns me because I would have thought in simple terms it makes good sense to keep the price down and therefore reduce the need for compensation—in other words, lessen the churn within the economy of the dollars going around. It almost seems to me that one of the reasons the government might be baulking at this is that they would love to have this churn because they could then be handing out the cheques to people saying, ‘What good fellows we are, providing you with all this compensation.’ Whereas I think Senator Xenophon may well have, through Frontier Economics, a very neat solution: if you keep the prices down less compensation is needed and therefore there is less churn and it is more efficient in economic terms with the same environmental outcome.

So in brief, we are very attracted to Senator Xenophon—and I think he suspects that the terrible word ‘but’ is about to be used—but unfortunately the opposition at this stage, like Senator Brown, cannot see our way clear to support the amendments. I say to Senator Xenophon and to the Australian people that the opposition will continue to be very active in this space in ensuring that we have a very good policy to take to the next election. There are many people on this side of the chamber who would be seeking to further explore what Senator Xenophon has put to the Senate this afternoon.

Senator Xenophon is getting quite anxious to respond to something I have said; I am not quite sure what it is, but it might be an appropriate time for me to sit down and find out.

Senator XENOPHON (South Australia) (3.38 pm)—Senator Abetz may need to correct the record about being very attracted to me. I think he is referring to the amendment rather than me. I appreciate the comments in relation to this matter. I ask the minister, perhaps more in hope than anything else: is the government proposing to provide any further information in relation to their modelling? Does the government see anything to be gained by Frontier’s offer to sit down with them and for Frontier, at least, to share all their modelling with the government at this stage?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.38 pm)—I have tabled in this place already quite a significant amount of information about our analysis of Frontier. Whilst others in this chamber have been very courteous towards you, no-one is supporting this policy. I am not sure what it is you are asking the government to do. We have a clear policy commitment. We have considered what you have put to us and we do not think it is the
appropriate way forward. We have provided information to you and to the Australian people on the public record on why we do not agree, why we do not think this is a sensible policy. You have acknowledged today that your package does not involve any household compensation; you say that it is not needed. I respectfully disagree. Under Frontier, on the documents we have provided to you, there is an increase in prices and there is no household assistance from what you have just said. That does matter to people on low incomes.

One of the benefits of the scheme the government has put forward is that it enables the government to provide assistance to households to help cover the cost of climate change. Senator Abetz suggests that it is because we want to give out cheques, but it is actually because we want to implement this change in a way that is fair. We want to do this fairly. We do think assisting households is important as the carbon price is introduced. We have unashamedly skewed our assistance to low- and lower-middle-income Australians.

I am happy to continue to discuss with you, Senator, what it is you would want. We have provided a significant amount of information. It is not government policy. We do not intend to go down a path that, with respect, is not supported by the business community or others. If you want to have a discussion about what more you would like to talk about then I am happy to do that. But if you asking me to commit the government to putting a lot of resources into developing this proposal as government policy, the answer is that this is not government policy. We have made that clear. We do not believe it is the sensible way forward, for the reasons I have outlined.

Senator XENOPHON (South Australia) (3.41 pm)—I understand the minister’s point about not committing extra resources to the Frontier model, given that the government and the opposition—the alternative government—do not support it. Clearly, resources have been expended in providing engaging modelling for this scheme so it is a case of asking for information that the Commonwealth already has. I will not make it any higher than that—it is not asking for anything new; it is asking for material that would already be in the possession of the government. I can write to the minister about that. I have already alluded to a couple of those issues and it is something that I tabled—but withdrew—last week in the context of a second reading amendment. After consultation with the Greens I rolled in a simpler version of that amendment together with the Greens amendment which, unfortunately, did not get up. What I have said is clear but as a courtesy to the minister I would be happy to write to her about that.

The other issue is about compensation. This is still an issue for the 750,000 small and medium businesses in this country that will receive little or no compensation under this scheme. They would have received no compensation under the government’s original CPRS and some compensation to the tune of $1.1 billion in the package of amendments that were negotiated with the then opposition leader and Mr Macfarlane last week. There is still a significant price rise for businesses in this country. I believe that is an impost on jobs and on growth. We can do better in aiming for higher emission reduction targets. If we can reduce the direct and indirect costs of such a scheme, that is a good thing.

I say to those in the coalition who believe that a carbon tax is the best approach that the problem with a carbon tax is that you do not have any level of certainty in terms of overall emissions; that you do not have any level of business certainty for investment because
a carbon tax can be adjusted upwards or downwards at any time; and that, because action on climate change requires a global approach, being able to trade, being able to have permits and the tradability of permits is an integral part of that. I do not think I am saying anything there that the government will disagree with, but for those in the coalition who think that there is an alternative way forward with the carbon tax, I suggest that it is simply too narrow a focus and does not take advantage of the opportunities that already exist with respect to a European scheme. It is inevitable that we will have a whole range of other schemes up and running given the commitments that have been made by a number of developed nations and, for that matter, by a number of developing countries that have gone down the path of saying that we need to take urgent action on climate change.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.45 pm)—I might ask the minister one quick question. Following on from what Senator Xenophon had to say, that there is over a billion dollars going to small business—which is something we would support seeing there is $24 billion going to the big polluters—has there been any adjustment made to the amount that was going to non-government organisations under the government’s original scheme? If so, what is it?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.46 pm)—There was no change to that aspect of the scheme as a result of the negotiations with the opposition, Senator.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.46 pm)—So there has been no change in the original amount that was going to non-government organisations at all; they will be getting the amount that was originally on the table as far as the government is concerned?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.46 pm)—The government did not separately allocate out of the Climate Change Action Fund prior to the passage of the legislation what portion would go to community groups, NGOs or small business. There were a range of grants programs that were flagged. We have not finalised the Climate Change Action Fund in the absence of the revenue stream, which is contingent on the passage of the legislation, and frankly we would not anticipate doing so. But I can say to you that there was never a seeking of a reduction of that component for NGOs. There was an allocation within this agreement of some funds within the Climate Change Action Fund for food processing, from memory, and a portion for small business. So we will obviously have to look at that in terms of the overall functioning of the fund.

Question negatived.

Senator XENOPHON (South Australia) (3.47 pm)—I move amendment (8) on sheet 5912 standing in my name:

(8) Page 204 (after line 4), after Part 7, insert:

Part 7B—National energy efficiency scheme

Division 1—Introduction

164J Aim, objects and intentions

(1) The aim of this Part is to promote and recognise efficiency in the production and supply of energy for use in the residential and commercial sectors of the economy by creating a market for energy efficiency savings.

(2) The objects of the scheme embodied in this Part are:

(a) to create incentives for households and business to choose actions that reduce their carbon emissions; and
(b) to deliver energy efficiency that would not have otherwise occurred; and

c) to ensure that linkages between energy efficiency measures and carbon pollution reduction scheme measures are properly monitored, analysed and accounted for in establishing and achieving the objects of the Act and Australia’s long-term greenhouse gas emission reduction targets.

(3) The scheme is intended:

(a) to complement the CPRS, since it is designed to address activities in regard to which the price signal created by the CPRS may not create a strong enough signal; and

(b) to operate separately to the CPRS, so that any emissions reductions that are delivered are additional to those realised through the CPRS; and

(c) to build on similar schemes in State and Territory jurisdictions, with a view to developing a consolidated national approach that harmonises approaches to energy efficiency.

164K Simplified outline

The following is a simplified outline of this Part:

• The regulations must formulate a scheme, to be known as the national energy efficiency scheme, to create a market for energy efficiency savings across residential and commercial sectors of the economy.

• The Minister must, by 1 July 2011, undertake a consultation process on the design of the scheme, including consideration of the applicability at a national level of existing state and territory schemes and consultation with key stakeholders.

• The Minister must take all reasonable steps to ensure that regulations which reflect the outcomes of the consultation process are made by 1 July 2012.

• The Authority is given additional functions in relation to the formulation and operation of the scheme.

• Although the principal link between the scheme and the CPRS is in market influences on the carbon price, the Authority may, in any year, determine an energy efficiency adjustment amount, which is an amount by which the Authority determines the national scheme cap number must be reduced to account for energy efficiency savings.

• If the Authority determines an amount as the energy efficiency adjustment amount for a year, the national scheme cap number for that year is taken to be reduced by that amount.

164L Interpretation

In this Part:

CPRS means the carbon pollution reduction scheme, other than the scheme embodied in this Part.

participant in the scheme means a person who:

(a) creates or deals with white certificates or equivalent property rights under the scheme; or

(b) is a liable scheme entity.

scheme means the national energy efficiency scheme formulated in accordance with section 164M.

Division 2—Formulation of the national energy efficiency scheme

164M National energy efficiency scheme

(1) The regulations must formulate a scheme (to be known as the national energy efficiency scheme) to create a market for energy efficiency savings in the production and supply of energy for use in the residential and commercial sectors of the economy.

(2) Without otherwise limiting the design of the scheme, the scheme must encompass:

(a) either:
(i) the creation of tradable certificates representing energy efficiency savings (white certificates); or

(ii) another process for creating and trading verifiable property rights over particular energy efficiency savings (equivalent property rights); and

(b) the imposition of energy efficiency targets on liable scheme entities, which entities can meet by creating or trading white certificates or equivalent property rights; and

c) the imposition of penalties for liable scheme entities which do not meet energy efficiency targets;

d) procedures for the implementation and oversight of the scheme by the Authority.

164N Consultation on the formulation of the scheme

(1) The Minister must, by 1 July 2011, undertake a consultative policy development process, with the aims of:

(a) formulating a national energy efficiency scheme;

(b) determining a method of setting energy efficiency targets under the scheme;

(c) developing the administrative requirements to implement the scheme.

(2) The consultation process must, at a minimum, include:

(a) consultation with each of the States and Territories;

(b) consideration of the applicability at a national level of:

(i) the Greenhouse Gas Reduction Scheme, operating in New South Wales and the ACT; and

(ii) the Victorian Energy Efficiency Target Scheme; and

(iii) the South Australian Residential Energy Efficiency Scheme; and

(iv) the New South Wales Energy Efficiency Scheme; and

(v) any equivalent scheme operating or planned to operate in any other State or Territory jurisdiction during 2010;

c) consultation with key stakeholders.

164O Implementation

The Minister must take all reasonable steps to ensure that regulations which reflect the outcomes of the consultation process are made by 1 July 2012.

164P Functions of the Authority—formulation of the scheme

The Authority has the following functions in relation to the formulation of the scheme:

(a) assisting the Minister in the consultation process;

(b) reviewing the operation of the scheme, and reporting to the Minister and the Parliament on the operation of the scheme at least every 2 years;

(c) making recommendations to the Minister on matters of policy relating to the operation of the scheme;

(d) any other function prescribed by the regulations for the purposes of this paragraph.

164Q Elements of the scheme

(1) Without limiting the design of the scheme, the regulations may prescribe:

(a) which entities may create and deal with white certificates or equivalent property rights;

(b) procedures for the accreditation of such entities;

(c) the eligible activities through which white certificates or equivalent property rights may be created;

(d) the manner in which white certificates or equivalent property rights may be traded and otherwise dealt with;
(e) which entities are liable under the scheme (liable scheme entities);

(f) methods of estimating or calculating:

(i) energy efficiency savings made under the scheme; and

(ii) the effect of the scheme on the price of carbon;

(f) procedures for the transfer of property rights in energy efficiency savings between the scheme and State or Territory schemes dealing with energy efficiency;

(g) reporting and compliance protocols.

(2) Without limiting the generality of paragraph (1)(e), the definition of liable scheme entities may include (but is not limited to) entities which produce or supply electricity, gas and oil for use in the residential and commercial sectors of the economy.

164R Ancillary or incidental provisions

The scheme may contain ancillary or incidental provisions.

Division 3—Operation of the national energy efficiency scheme

164S Functions of the Authority—operation of the scheme

(1) The Authority has the following functions in relation to the operation of the scheme:

(a) to certify entities for the purposes of the scheme;

(b) to determine, in writing, energy efficiency savings targets to be met under the scheme;

(c) to verify energy efficiency savings and ensure that the benefit of property rights in relation to particular savings are not accounted for elsewhere;

(d) to monitor, analyse and report on energy efficiency savings;

(e) any other function prescribed by the regulations for the purposes of this paragraph.

(2) A determination under paragraph (1)(b) is not a legislative instrument.

164T Links between energy efficiency and the CPRS

(1) The principal link between the scheme and the CPRS is intended to be reflected in market influences on the carbon price.

(2) However, the Authority may, in any year, determine, in writing, an energy efficiency adjustment amount for that year.

(3) A determination under subsection (2) is not a legislative instrument.

(4) The energy efficiency adjustment amount for any year is an amount by which the Authority determines the national scheme cap number for the following year must be reduced to account for energy efficiency savings made under the scheme.

(5) The regulations may prescribe any of the following:

(a) factors the Authority may take into account in making such a determination;

(b) factors the Authority must take into account in making such a determination;

(c) a method of calculating the energy efficiency adjustment amount for a year.

(6) The Authority may determine that there is no energy efficiency adjustment amount for a particular year.

164U Adjustment of national scheme cap number

Despite any other provision of the carbon pollution reduction scheme, if the Authority determines an amount as the energy efficiency adjustment amount for a year, the national scheme cap
number for the following year is taken to be reduced by that amount.

**Division 4—Reporting and record-keeping requirements**

**164V Reporting and record-keeping requirements**

(1) The scheme may make provision for and in relation to requiring a person who is a participant in the scheme to give one or more written reports to the Authority.

(2) The scheme may make provision for and in relation to requiring a person who is a participant in the scheme to:
   (a) make records of information specified in the scheme; and
   (b) retain such a record, or a copy, for 5 years after the record was made.

**164W Compliance with reporting and record-keeping requirements**

**Reporting requirements**

(1) If a person is subject to a requirement under the scheme to give a report to the Authority, the person must comply with that requirement.

**Record-keeping requirements**

(2) If a person is subject to a requirement under the scheme to:
   (a) make a record of information; or
   (b) retain such a record or a copy;
   the person must comply with that requirement.

**Ancillary contraventions**

(3) A person must not:
   (a) aid, abet, counsel or procure a contravention of subsection (1) or (2); or
   (b) induce, whether by threats or promises or otherwise, a contravention of subsection (1) or (2); or
   (c) be in any way, directly or indirectly, knowingly concerned in, or party to, a contravention of subsection (1) or (2); or
   (d) conspire with others to effect a contravention of subsection (1) or (2).

**Civil penalty provisions**

(4) Subsections (1), (2) and (3) are civil penalty provisions.

Note: Part 21 provides for pecuniary penalties for breaches of civil penalty provisions.

This amendment introduces a framework for the minister to create a national white certificate scheme. In environmental policy white certificates are documents certifying that a certain reduction in energy consumption has been attained. In most cases white certificates are tradable and combine with an obligation to achieve a certain target of energy savings. They operate in a similar way to the renewable energy target. I acknowledge the work that the Greens, in particular Senator Milne, have done in relation to the whole issue of white certificate schemes. I know this issue was the subject of a private senator’s bill introduced by Senator Milne. These schemes are common in Australia and they are common in Europe.

Australia already has a number of white certificate schemes successfully in operation. The expertise that is being developed through the implementation of these schemes, along with the expertise in relation to energy efficiency measures around the nation, is a vital resource and that is why these amendments do not seek to dictate what a white certificate scheme must look like; rather, in proposed section 164N, they establish a comprehensive consultation process to guide the minister in establishing the scheme. This amendment introduces a new part 7B to the bill, which aims to promote and recognise efficiency in the production and supply of energy for use in residential and commercial sectors and, as detailed in proposed section 164J, it also aims to ensure that the linkages between energy efficiency measures and the emissions trading scheme.
are properly analysed and accounted for so that any savings from efficiencies are delivered in addition to those realised through the ETS. The principle here is clear: just as the renewable energy target ensures that Australia raises its domestic abatement by setting a minimum standard, so can the introduction of commercial and domestic efficiency measures take these savings even further through positive incentives. So it is a carrot-and-stick approach: polluters feel the impost of greater costs while people doing the right thing are rewarded.

Broadly, this amendment picks up established energy efficiency initiatives that have quantifiable outcomes and, as detailed in proposed section 164M, it is through the trade of either white certificates or equivalent property rights that a market for energy efficiency saving will be created to reward residential and commercial investment in these measures. It means that, when someone signs up for one of these initiatives, they can do so with confidence—confidence that it will cut their costs while not cutting into the emissions savings being made elsewhere. It would also address the current problem with the renewable energy target where, perversely, energy efficiency measures such as solar water heaters are now supplanting investments in renewable energy such as wind farms.

Proposed sections 164O and 164W address issues of implementation and the functions of the Australian Climate Change Regulatory Authority in relation to the scheme as well as record-keeping requirements, and these provisions mirror those of similar sections in other parts of the bill. I commend this amendment to my colleagues and again I acknowledge the work that the Australian Greens have done on this. We need a white certificate scheme in one form or the other.

Senator Wong (South Australia—Minister for Climate Change and Water) (3.50 pm)—The government is not going to support this amendment. As part of the negotiations with the opposition—in fact, this was a proposition put to us by environmental stakeholders—we have said that we will establish a Prime Minister’s task group on energy efficiency which will report to the government next year on options for introducing a new energy efficiency mechanism. That might be white certificates; that might be another type of mechanism. I have raised previously with Senator Xenophon that the discussion I had with the International Energy Agency touched on the fact that there were better ways of achieving this outcome than white certificates. So the task group will consider and advise on the most economically and environmentally effective mechanisms that could be considered by the government to complement the CPRS and the RET.

I would make this point, Senator Xenophon: we should not think that these policies are cost free. I think your amendments impose on a liable party—I think you have called it a ‘liable scheme entity’—a requirement to remit certificates or deal with certificates. Obviously, if that liable scheme entity is somewhere in the electricity supply chain, there will be costs associated with that which would flow on, presumably, to the electricity price. That may be a reasonable proposition, but I just make that point in the context that the impact on the electricity price was one of the discussions we were having previously.

Senator Xenophon (South Australia) (3.52 pm)—I am keen to advance the debate, so perhaps I could put some questions on notice. Minister, I may be mistaken, or I may have blinked and missed some of the debate, but I think I put some questions on notice about 26 hours ago in the debate. This is not a criticism. There were some answers given.
I may be mistaken and I am happy to take it up with your office. I do not want to unduly hold up the debate on some of the matters raised. Minister, I am happy to have communications with your office in relation to that. I may put some questions on notice before the end of this debate. The minister indicated that the International Energy Agency suggests that white certificates may not be the best approach. Could the minister provide more details?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.53 pm)—I will do that now. As I have said to you privately, this was in a discussion I had with one of the IEA individuals responsible for energy efficiency on his recent visit to Australia, so it may or may not be part of formal IEA policy. My recollection is their most recent document does traverse this in some detail, but this was a discussion which I think was consistent with the speech that was subsequently given by Dr Jollands, I think his name was.

Senator XENOPHON (South Australia) (3.53 pm)—I appreciate that. If there are any further documents that the government has or can direct me or my colleagues to in relation to white certificate schemes, I would welcome that. But, again, I am happy to take that on notice or even for it to be by way of correspondence so that this debate is not held up. Can the minister give an approximate time frame for the consultation that has been referred to with respect to the best way forward, whether it is white certificates or other energy efficiency approach?

Senator WONG (South Australia—Minister for Climate Change and Water) (3.54 pm)—I thought I just did that, Senator. I will read page 15 of the document I have tabled. The government will also develop: … a new Energy Efficiency Mechanism in 2010 with input from a new Prime Minister’s Task Group on Energy Efficiency.

The Government will establish a new Prime Minister’s Task Group on Energy Efficiency.

The Task Group will report to the Government by mid-2010 on options for introducing a new Energy Efficiency Mechanism.

The Task Group will consider and advise on the most economically and environmentally effective Energy Efficiency Mechanisms that could be considered by the Federal Government to complement the CPRS and the RET.

Senator MILNE (Tasmania) (3.55 pm)—We will support this amendment from Senator Xenophon. The opportunity for energy efficiency has been there for a very long time. This is the low-hanging fruit that has not been taken up by the government, and it is a real tragedy, not only at the residential level but certainly at the commercial level. The legislation that the Greens have introduced in relation to this is world leading and recognised as such—as one of the most progressive pieces of legislation in the commercial field. I recognise there are people who helped us. It is not as if we dreamt this up ourselves. Several people operating in the field, Lend Lease included, worked with us on it and I would commend it to the government and its task force. But in the meantime I will support Senator Xenophon’s amendment.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.56 pm)—If I could just clarify this, Senator Xenophon, you have previous questions which we have not answered. I apologise. I thought I had responded to those, but I will now check. Then you had questions you were going to put on notice about the IEA, but I think I have dealt with them. Is that correct?

Senator Xenophon—Yes, you have.
Senator WONG—Yes. I just wanted to confirm—thank you.

Senator XENOPHON (South Australia) (3.56 pm)—Could I just make it clear that some answers have been given. My understanding is that there are a couple of outstanding answers, but I am happy to liaise with your office in relation to that. I do not want to hold up this debate. I do not know if the opposition has a position on this. I do not want to take up time by dividing; I just want to get an idea of where the opposition stands in relation to white certificates.

Senator ABETZ (Tasmania) (3.56 pm)—I was going to make a contribution, and I thank Senator Xenophon for bringing this amendment to the Senate. I think it is public knowledge that an amendment along similar lines was part of what the opposition was in fact proposing to the government. For whatever reason, the government unfortunately rejected that proposal. At this stage the opposition is minded not to support Senator Xenophon’s amendment, but nevertheless I can indicate that we are attracted very much to the general proposition that he has expounded.

Question negatived.

Senator XENOPHON (South Australia) (3.57 pm)—I thank the Greens for their support in relation to that last amendment. I move amendment (1) on sheet 5913:

(1) Page 204 (after line 4), after Part 7, insert:

Part 7C—Legacy waste or closed landfill facility scheme

Division 1—Introduction

164X Aim and objects

The aim of this Part is to create additional incentives for abatement from legacy waste or closed landfill facilities under the carbon pollution scheme.

164Y Interpretation

In this Part:

CPRS means the carbon pollution reduction scheme, other than the provisions of this Part.

scheme means the legacy waste or closed landfill facility scheme formulated under section 164Z.

164Z Legacy waste or closed landfill facility scheme

(1) The regulations must formulate a scheme (to be known as the legacy waste or closed landfill facility scheme) for the issue of free Australian emissions units in respect of abatement from legacy waste or closed landfill facilities under the CPRS.

(2) The scheme must provide that free Australian emissions units must not be issued to a person in accordance with the scheme unless the person:

(a) meets such requirements as are specified in the scheme; and

(b) has a Registry account.

(3) The Minister must take all reasonable steps to ensure that regulations are made for the purposes of subsection (1) before 1 July 2010.

(4) The scheme must provide that a person is entitled to apply for and receive free Australian emissions units in respect of activities connected to a legacy waste and closed landfill facility without regard as to whether the infrastructure of the facility:

(a) was in place prior to the commencement of the CPRS; or

(b) was installed specifically to create offsets under the CPRS; or

(c) was installed to meet regulatory requirements which are in force, or may come into force, under any other law or regulation; or

(d) meets the requirements of any abatement regime which is in force, or may come into force, under any other law or regulation.
(5) The scheme must not apply in respect of any person, activity or facility unless that person, activity or facility meets all of the requirements of the CPRS other than in respect of the matters specified in subsection (2).

(6) The scheme may make provision for any of the matters mentioned in sections 168 to 173C, as if a reference in those sections to the emissions-intensive trade-exposed assistance program were a reference to the scheme.

(7) The scheme may contain ancillary or incidental provisions.

This relates to legacy waste and landfill facility schemes. This amendment acknowledges innovative technology which holds huge potential for abatement but which some would say has been largely ignored, mainly landfill waste capture. I think there was a good discussion with the minister yesterday in the chamber about this. There is a concern that, while landfill gas energy providers are able to trade carbon credits from the combustion of landfill gas under the NGAS and GGAS programs, this situation will cease with the commencement of the CPRS.

I will not traverse what was raised yesterday, but I will mention very briefly the discussion I have had with Mr John Falzon, the managing director of LMS Generation, who in recent years has sold approximately 850,000 tonnes of abatement under the Australian Greenhouse Office’s Greenhouse Friendly program. There is a concern about the whole concept of additionality and both existing projects and future projects that will be at risk. I could go on further, but I think it was traversed adequately yesterday and I am hopeful that those genuine projects will still be able to thrive under an ETS.

Senator WONG (South Australia—Minister for Climate Change and Water) (3.59 pm)—We had a long discussion about this, I think, Senator Xenophon, in the hazy past, however many hours ago.

Senator Xenophon—I truncated it.

Senator WONG—I am pleased that you truncated it. The government does not support this amendment. The effect of the amendment is to ensure that these particular projects would receive credits or offsets under the scheme even if this activity would have occurred anyway. That is contrary to the concept of additionality, and the reason we have to be very clear about that principle is that offsets enable additional emissions within the cap—so they have to be real offsets. We have an additionality test which I traversed with the Senate yesterday or the day before. Or was it Friday? It was some time ago. But the effect of this amendment is to say that, even if you do not meet the test of this being additional, we are going to give you offsets. We do not think that is a sensible proposition.

Senator XENOPHON (South Australia) (4.00 pm)—I guess another aspect of it is that there is a concern that those who are early adopters will effectively be penalised for doing what they did previously. Unless they satisfy the additionality test they will be penalised, as I understand it, because it means that in some regions a plant would have to close down through lack of viability. But as I understand it, Minister, your office has been available to discuss this whole policy issue with those landfill operators so that we do not lose those plants which actually do make a positive contribution to reducing emissions. There is a concern amongst the early movers that they have invested in power generation and abatement infrastructure under existing abatement schemes and that they are unlikely to meet additionality requirements under the new rules. I just hope that the concerns of LMS will not come to fruition, but I think there is goodwill on the
part of the government to make sure that will not occur. So hopefully there will be further discussions in relation to this. This amendment was to try and ensure that especially those regional abatement programs, both existing and proposed, can still proceed and can make a positive contribution, in a number of communities, to abatement.

Senator MILNE (Tasmania) (4.01 pm)—I would just like the minister—and I apologise for not being across the detail of the arrangement between the government and coalition—to explain to me about the offsets allowed for closed landfill under that arrangement. If what Senator Xenophon is proposing is not additional, why is it that the offsets under the government and coalition’s deal are? I may have completely misread that because I am not across the detail as much as I should be.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.02 pm)—I thought you were in the chamber for the discussion I had with Senator Xenophon on this issue, but perhaps not. The key difference between us is how you define ‘additionality’. If you read Senator Xenophon’s amendment, in subsection 4, it says ‘apply for and receive units in respect of activities connected to a legacy waste’ et cetera without regard as to whether the infrastructure of the facility was in place before the CPRS ‘was installed specifically to create offsets’, was ‘installed to meet regulatory requirements’ et cetera or ‘meets the requirements of any abatement regime which is in force.’ It is a different additionality test. Our test, which we traversed and passed earlier—and I think you were in the chamber because you were having a discussion about, perhaps, land use—is section 259K(2)(c):

\[
\text{... the project would not have been proposed or carried out in the absence of the issue of free Australian emissions units in accordance with the domestic offsets program ...}
\]

In other words, that is a general principle of additionality. We had a long discussion about this and, for everybody’s sanity, I would really like it if we did not go back into it again. There will obviously be methodologies that will differ depending on which offset, but the difference between the view of Senator Xenophon and that of the government is in what the overriding principle of offsets is.

Senator ABETZ (Tasmania) (4.00 pm)—I indicate, on behalf of the opposition, that we will not be supporting Senator Xenophon’s amendment.

Question negatived.

Senator MILNE (Tasmania) (4.04 pm)—by leave—I move Australian Greens amendments (37), (38), (40) to (44), (47), (48), (50), (55) and (56) on sheet 5786 together:

(37) Clause 165, page 205 (line 16), at the end of paragraph (2)(c), add “, only to the extent necessary to offset the loss of competitiveness created by the absence of carbon pricing policies in the economies of foreign competitors of the activity”.

(38) Clause 165, page 205 (after line 30), at the end of the clause, add:

\[
\text{(3) To avoid doubt, transitional assistance under this Part must not compensate for the loss of profits or reduced asset values resulting from the existence of the scheme embodied in this Act and the associated provisions.}
\]

(40) Clause 166, page 206 (lines 1 to 16), omit the clause, substitute:

\[
\textbf{166 Simplified outline}
\]

The following is a simplified outline of this Part:

- The regulations may formulate a program, to be known as the emissions-intensive trade-exposed assistance program, for the
auction of Australian emissions units in respect of activities that:

(a) under the program, are taken to be emissions-intensive trade-exposed activities; and

(b) are, or are to be, carried on in Australia during a financial year specified in the program.

- The regulations may provide for assistance under the program in the form of compensatory payments to an emissions-intensive trade-exposed activity, for each unit of production, by way of a credit against the activity’s emissions obligations equivalent to the expected increase in world product prices that would eventuate if foreign competitors had carbon pricing policies similar to those of Australia.

- The emissions-intensive trade-exposed assistance program may impose reporting or record-keeping requirements on a registered holder under the program of auctioned Australian emissions units.

(41) Clause 167, page 207 (line 6), omit “issue of free”, substitute “auction of”.

(42) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1A) All Australian emissions units issued for the purposes of the emissions-intensive trade-exposed activities program must be auctioned.

(43) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1B) The regulations may provide for assistance under the program, in the form of compensatory payments to an emissions-intensive trade-exposed activity, for each unit of production, by way of a credit against the activity’s emissions obligations equivalent to the expected increase in world product prices that would eventuate if foreign competitors had carbon pricing policies similar to those of Australia.

(1C) The Minister must consult the Productivity Commission before making a recommendation to the Governor-General about regulations to be made for the purposes of subsection (1B).

(44) Clause 167, page 207 (line 12), omit “free”, substitute “auctioned”.

(47) Clause 169, page 208 (line 6), omit “free”, substitute “auctioned”.

(48) Clause 170, page 208 (line 15), omit “free”, substitute “auctioned”.

(50) Clause 173B, page 213 (lines 14 to 20), omit subclause (2), substitute:

No compensatory payments for 2 eligible financial years

(2) No compensatory payments in accordance with the emissions-intensive trade-exposed assistance program are to be made to the corporation for:

(a) the first eligible financial year that begins after that time; or

(b) the eligible financial year that next follows the eligible financial year mentioned in paragraph (a).

(55) Clause 273, page 357 (line 2) to page 358 (line 2), omit subclauses (1), (2) and (3).

(56) Clause 274, page 358 (line 13) to page 359 (line 7), omit the clause, substitute:

274 Quarterly reports about issue of free Australian emissions units under Part 11

As soon as practicable after the end of each quarter, the Authority must publish on its website the total number of free Australian emissions units with a particular vintage year issued during the quarter in accordance with Part 11 (destruction of synthetic greenhouse gases).

These amendments go to the issue of the compensation that is being proposed in the scheme to the energy-intensive trade-exposed sector. The amendments we are moving are entirely consistent with Professor Garnaut’s assessment of what is and what should be appropriate. I will make a few comments in relation to this.
As Professor Garnaut said in his review, this is ‘a dreadful problem’. He talks about the potential distortion that arises:

... if an Australian emissions trading scheme is introduced in the absence of, and until such time that there is, an international arrangement that results in similar carbon constraints or carbon pricing among major trade competitors.

He goes on to say that we should compensate the energy-intensive trade-exposed sector for the extent of their trade exposure. He says, particularly, that:

There is no basis for compensation arising from the loss of profits or asset values as a result of this new policy.

That policy is the CPRS. He continues:

The rationale for payments to trade exposed, emissions-intensive industries is different and sound.

That is different from there being no case for the coal fired stations. He goes on to say that that compensation:

... is to avoid the economic and environmental costs of having firms in these industries contracting more than, and failing to expand as much as, they would in a world in which all countries were applying carbon constraints involving similar costs to ours.

His point is that there is an argument for compensation for trade exposure but trade exposure only, and that is precisely the Greens’ position.

I have heard the minister say a couple of times in the media that the Greens do not support any compensation to any industry, and that is not correct. These amendments have been on the record now for several months—a couple of months, at least. We have said that we support the Garnaut position: no compensation to coal fired generators and compensation to the energy-intensive trade exposed to the extent of their trade exposure. We do not support compensation for loss of profits, and we do not support them for loss of asset value. They have known the impact of a carbon price in terms of their profits and their asset value over time, and that has been factored into their share price and all of the decisions they have made. This is pure rent seeking, windfall profit behaviour from them. It is, frankly, despicable.

I look at, in particular, Woodside and Don Voelte’s role in this. If ever there were going to be an industry sector to profit from peak oil, it would be gas. To see him out there rent seeking in the most disgraceful manner is quite interesting. But, then, I do recall that just before the last federal election in 2007 there were not very many companies coming out supporting the Rudd government’s proposals in relation to Work Choices—and then out came Woodside. Out they came, days before the federal election, in Western Australia where the votes were needed. It was orchestrated fabulously. I could not help but smile, recognising, of course, that the former National Secretary of the Labor Party, Gary Gray, worked for Woodside for many years leading up to his preselection for Labor in the seat of Brand. Out comes Don Voelte saying that his company could work with a Labor government. Labor is elected. Gary Gray is appointed Parliamentary Secretary for Western and Northern Australia, where, happily, Woodside works. Now we have the Labor Party in a tight corner again, and along comes Don Voelte. They get their incredible compensation for absolutely no justification in terms of the position that Woodside put for the compensation that they ended up with. Now Don Voelte is out again saying, ‘Support the legislation.’ Well he would, because he knows that it is utterly and completely unjustified and a total try-on, and any real assessment of this will show it in the future, and he might as well lock in what he can get now as long as he can get it. That is basi-
cally, in a nutshell, the kind of behaviour you get.

It was identified in the Garnaut review that, unless you have a principled position—a set of principles against which you judge how much you provide for trade exposure—you get completely political decisions being made. They are completely compromised decisions; they do not reflect any real situation in the market at all. They are just about how many lobbyists you employ, how much you have in political influence and how much publicity you can get, and then you end up with a figure. That is exactly what Professor Garnaut warned about, and he said it is just a diabolical situation. He has said over and over again that you will end up with a political compromise that does not reflect the real situation. I recall that in the estimates process I did put this to the government, and it was admitted that all the arguments about leakage, all the arguments about loss of profit et cetera were yet to be proven and there was in fact no evidence for them. There is evidence for trade exposure—of course there is—and that should be looked at.

This proposition is that the compensation for energy-intensive trade-exposed industries should be for their trade exposure; that the minister should set in the regulations a definition of the principles against which you would measure that trade exposure; that the minister would take that advice from the Productivity Commission, which, before the regulations were set, would have done the work on that; and that the compensation be paid in cash after you have auctioned all the permits, which is something the Greens put as a proposition.

I will not take up any more time of the Senate. I would like to indicate here that this is a similar amendment to the next one. But I have moved this set together, and I recommend them to the committee. What we have seen is a disgraceful display of rent seeking and massive amounts of money spent on lobbyists in the last few months. Instead of these companies spending money on actually reducing their emissions, we have had a huge amount of money spent in sending lobbyists to Canberra. It seems that the squeaky wheel has well and truly been oiled in terms of the proposition for compensation for the energy-intensive trade-exposed industries, and it is yet another example of the flawed nature of this particular scheme. I commend these amendments to the committee. It is the economic position that is justified. It is an economic position which is based on a set of principles and not on who can exercise the most political influence. It is what Professor Garnaut recommended, and the Greens agree.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.13 pm)—I have spoken at length in this chamber, and I am happy to speak again if the Senate and the senator wants a more detailed response. We do not support these amendments. We do have a different approach. We think that having a measured transition supporting jobs in existing industries is sound public policy. We have put forward a set of propositions which do not shield anyone completely from the carbon price—people still face the carbon price, so people are asked to do their share—but which recognise that until there is more substantively widespread global action some of our industries will face a carbon price where their competitors do not or will face a different carbon price.

So we have been very clear about our policy objectives in relation to providing this transitional assistance. We do not believe that the assistance before the chamber is practical and nor can it be effectively calibrated to achieve the objects of emissions-intensive trade-exposed assistance. More importantly,
in many ways it does not provide certainty to business in relation to the assistance that it is going to receive. It is important as we are going through an economic transition that that certainty is provided. Business needs to have a clear sense of how to manage carbon risk and what the level of assistance will be. I do not want to get drawn into another political debate. I have put on the record before my continued rebuttal of the Greens proposition that every time a government or an individual does something it is because they have been corrupted by lobbyists or pressured. It is somewhat tiresome that they simply refuse to believe that people can make decisions that are different from theirs because they have come to a different view. That is the case in relation to a whole range of areas to do with this policy.

Senator ABETZ (Tasmania) (4.15 pm)— Just for the record, the coalition in general terms agrees with the minister’s contribution and will be not supporting the amendments from the Greens.

Question negatived.

Senator MILNE (Tasmania) (4.16 pm)— by leave—I would like it noted that neither the government nor the coalition voted for those amendments.

The TEMPORARY CHAIRMAN (Senator Ryan)—The question is that clauses 168 and 171 stand as printed.

Question agreed to.

Senator MILNE (Tasmania) (4.17 pm)— by leave—I move Australian Greens amendments (39), (45), (51) and (58) on sheet 5786 together:

(39) Clause 165, page 205 (after line 30), at the end of the clause, add:
(4) To avoid doubt, the Minister can at any time vary the transitional assistance provided to an activity under this Part in response to changes in the carbon pricing policies in the economies of foreign competitors of the activity.

(45) Clause 167, page 207 (after line 18), at the end of the clause, add:
(4) Any regulations made under subsection (1) which prescribe a carbon productivity contribution that is to apply to an emissions-intensive trade-exposed activity must not prescribe a contribution rate that is less than 4% per financial year.

(51) Page 214 (after line 3), at the end of Part 8, add:

Division 5—Review of operation of emissions-intensive trade-exposed assistance program

173D Review by Productivity Commission of operation of assistance program

(1) The Productivity Commission must review and report to the Minister on the operation of the emissions-intensive trade-exposed assistance program.

(2) The review and report must be conducted in relation to each of the following periods:
(a) the 3-year period commencing 1 July 2010;
(b) each successive 3-year period.

(3) The report in relation to a review must be provided to the Minister within 60 days after the end of the 3-year period to which the review relates.

(4) Without limiting the matters to be covered by a review under subsection (1), the review must include an examination of the operation of the program:
(a) to determine if there is any evidence of leakage occurring directly as a result of domestic producers facing a higher carbon price relative to major foreign competitors;
(b) to assess the impact of any leakage on the level of jobs, production and emissions in the industry experiencing this leakage;
(c) to assess the economy-wide case for continuing compensatory payments to individual activities, taking into account the impact of the emissions-intensive trade-exposed assistance program and the Electricity Sector Adjustment Scheme on the competitiveness, job creation, production levels and emissions of other domestic industries;

(d) if relevant, to make recommendations about policy options to reduce leakage.

(5) The Minister must, within 60 days of receiving a report, review the compensatory payments provided to individual activities under the program and determine whether or not the levels of compensatory payments need to be varied.

(6) If the Minister determines under subsection (5) that the levels of compensatory payments to individual activities need to be varied, the Minister must take all reasonable steps to ensure that regulations are made for that purpose within 120 days of having received the relevant report.

(7) Regulations made under subsection (6) must not take effect until the beginning of the financial year next after the financial year in which the regulations are made.

(8) If the Minister determines under subsection (5) that the levels of compensatory payments do not need to be varied, regulations made for that purpose under subsection (6); and

(b) on a particular day (the tabling day), a copy of the regulations is tabled before a House of the Parliament under section 38 of the Legislative Instruments Act 2003;

then, on or as soon as practicable after the tabling day, the Minister must cause to be tabled before that House a written statement setting out the Minister’s reasons for making the determination under subsection (5).

(58) Clause 353, page 439 (lines 5 to 8), omit “having regard to the general principle that industry should be given at least 5 years notice of material changes to the provision of assistance under the program”.

These follow on from the compensation to the energy-intensive trade-exposed industries. The first amendment, for example, is:

To avoid doubt, the Minister can at any time vary the transitional assistance provided to an activity under this Part in response to changes in the carbon pricing policies in the economies of foreign competitors of the activity.

In other words, there will be no notice period for changes to EITE compensation. It is a good opportunity to also get the minister to reaffirm the government’s position. I thought that we had done this the other day, but when I read through the transcript it was not clear. I would ask for the minister to clarify this.

In terms of the EITE compensation, we do not think that there is any reason why a minister ought not be able to immediately change the EITE compensation when foreign competitors change their position. That should be something that is able to be done immediately. I asked the government about the five per cent to 25 per cent target. It is a total hypothetical. I recognise that it is the government’s policy not to go beyond a 25 per cent cut in emissions below 2000 levels by 2020. But if the government did adopt a 30 per cent target, for example, is it possible
to change the gateways and caps in the CPRS without incurring any compensation liability? I ask the minister to be clear on this. I thought that the minister had said yes to that the other day, but the transcript does not make that clear. I want to ask the minister to put that on the record while we are discussing this.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.19 pm)—I think that I have put our view on the record. It may be that you would like a different answer. What I indicated is that the government’s view is that it is not correct to assert that stricter targets would give a basis for compensation. We had a long discussion about whether or not an acquisition of property was involved.

Senator MILNE (Tasmania) (4.19 pm)—Yes, but there is another issue here. You can certainly have a higher national target. If that did not translate into the gateways and caps, then of course it would not result in any more compensation. It would be done somewhere else in the economy. This question is specifically about if Australia adopts a higher target and that higher target translates into the CPRS caps and gateways. That is the issue that I am talking about, not whether you have a higher target and the effort is made somewhere else in the economy. I just want to clarify that.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.20 pm)—I have two responses. I think one is the same answer. I am not sure what the senator is suggesting. Is this some hypothetical world where there is bipartisan agreement around targets changes? Is that the basis of the discussion?

Senator Milne—No.

Senator WONG—I think that it is the same answer, Senator.

Senator MILNE (Tasmania) (4.21 pm)—It has nothing to do with any negotiation between the government and the coalition. It is purely to do with the issue of a higher carbon task being taken on by a government in the future. If that relates to a tightening of the cap and the gateways, does that result in additional compensation? I understand that the minister is saying that it does not. I want to clarify that with the minister before I move on to the other amendments.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.21 pm)—We did spend about an hour on this. I will say again that the government does not believe that stricter targets would give a basis for compensation. We do not believe that that assertion is correct. One of the reasons for that, and one that you and I discussed on the last occasion, is the question of whether or not there was an acquisition of property such as would provide a basis for just and earnest compensation.

Senator BARNETT (Tasmania) (4.22 pm)—I will say, very briefly, that this matter was discussed yesterday and the minister read out those comments that had been given to her by the department advising that the government does not believe compensation will be paid. The response from this side is: please provide the evidence to support that claim. This is a critically important matter. It is a matter of sovereign risk, and the issue flows to the compensation that may or may not be payable by governments—this one or a future one. Where is the evidence? That is all I ask. I asked that question yesterday; I ask it again today. This is critically important. Please provide the evidence to back up the claim that you do not believe compensation will be payable.

Once this legislation is passed it is irreversible so I ask: do you have any evidence to support that claim? Do you have any legal
advice to support that claim? If you do, could you please table it and provide that evidence to this Senate chamber. Simply saying that the government does not believe compensation is payable is not a guarantee. It is not categorical and this is a very serious issue. Senator Milne has asked a very legitimate question. It came up yesterday and we have not got the answer.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.23 pm)—The proposition is: please give us legal advice, if any, that you or a future government might be relying on, in order to defeat a future claim. I do not think anyone in your government would have provided such advice in such circumstances if it existed. As the minister representing the government here, I have put the government’s view to the chamber. We do not believe that the advice provided to Senator Milne is correct—for the reasons I have traversed in quite great detail.

Senator MILNE (Tasmania) (4.24 pm)—I will just speak briefly to the amendments. I thank the minister for that clarification. The amendment in clause (39) says, as I indicated, that the minister can at any time vary the transitional assistance in response to the changes that foreign competitors might make and that no notice needs to be given. The amendment to clause (45) relates to carbon productivity. Essentially, as we have it at the moment, if the energy-intensive, trade-exposed industries receive permits on the basis of trend carbon efficiency improvements they will be able to sell their cost-effective emissions abatement that goes beyond trend carbon efficiency and make a profit.

We do not believe the 1.3 per cent that is being proposed is adequate. That is why we are moving here to say that any regulation which prescribes a carbon productivity contribution that is to apply to an energy-intensive trade-exposed activity must not prescribe a contribution rate that is less than four per cent per financial year. So we are essentially saying that 1.3 does not give us comfort that these companies will not make windfall gains by being able to sell their cost-effective emission abatement beyond trend efficiency. So we would like to see that addressed.

The next amendment goes to a review period. We are saying here that the Productivity Commission must review and report to the minister on the operation of the energy-intensive trade-exposed assistance program and it must be a three-year period from the commencement of the scheme and at each successive three-year period. And the last amendment takes out the five-year notice for changes to ET compensation.

Senator WONG (South Australia—Minister for Climate Change and Water) (4.27 pm)—I indicate that the government does not support the amendments. I can go through them in detail if the Senate would like the reasons—primarily they relate to the issue of certainty.

Senator MILNE (Tasmania) (4.27 pm)—The minister has said that this goes to the issue of certainty, after having just said that you can increase the annual caps and the gateways if there is a change to the national target and that you can flow that back through. If that is the case I do not quite understand what the minister is saying. That surely does not give you any certainty and we are saying that we do not want certainty locked in to the extent that there are windfall gains. We want reviews over a shorter period of time and we want to make sure that the ET industries do not end up with the windfall gains because of that productivity contribution.
Senator WONG (South Australia—Minister for Climate Change and Water) (4.28 pm)—In an effort to try and expedite debate I thought I would not traverse again the very many debates we have had about ET assistance but I will if the senator wants me to. I want to make it clear again—because of the way in which the senator postulated it—that I did not indicate, in any way, any move from the government’s targets or gateways at 2020. So nothing I said should be taken as suggesting we are altering our bipartisan agreement—it was bipartisan until this morning; I do not know if it still is—around the targets.

If you want me to go through in detail why we do not agree with the emissions-intensive, trade-exposed provisions here I can. Is that what you would like? In relation to certainty we do not think it is sensible, when you are trying to encourage business to make the transition, to not have a notice period for change to the assistance. This is a recognition of how business decisions are made. They are not made in terms of investments, looking at only one or two years worth of assistance; these are often long-term investments and long-term decisions. We do not think it is sensible, when you are trying to encourage investment, and when you are trying to encourage certainty, to have a situation where you can unilaterally alter the transitional assistance with no notice. We do not think that is an economically sensible proposition. The carbon productivity contribution of at least four per cent per annum is certainly higher than the government’s unconditional target. Effectively, if there was no action by the rest of the world and the government only implemented its unconditional target, you would be asking this traded sector of the economy to do more.

If you look at the review provisions the government has in place, we have committed to drawing upon the Productivity Commission reference and thorough reviews of the EITE assistance program by the expert advisory committee. We have, yet to come before the chamber, amendments for an automatic review in the context of a new international agreement. I think I have dealt with the review of the EITE program, the five-year notice period and the carbon productivity contribution, which were the three issues raised.

Senator MILNE (Tasmania) (4.30 pm)—I want to go to the productivity contribution. I want to know whether it is possible for new entrants to obtain more permits than they require because they will be allocated on baselines set on industry average rather than industry best practice. If a new entrant is highly efficient compared with the industry average, aren’t they going to get a windfall gain under the government’s scheme? And isn’t that incredibly economically inefficient and damaging because it is essentially providing a windfall gain or a subsidy that offsets the whole point of the price mechanism?

Senator WONG (South Australia—Minister for Climate Change and Water) (4.31 pm)—Senator, one of the propositions the government has put forward is to introduce a no windfall gains policy. You may not have had the opportunity to consider that. If you look at page 2 of the offer document, the government has also committed to:

modify the EITE assistance policy to cap EITE allocations to 100 per cent of an EITE entity’s direct and indirect electricity and steam emissions costs to reduce the likelihood that windfall gains will be provided to EITE industries under the program;

In fact, the new entrants issue that you raise is precisely one of the circumstances that we became mindful of. If an industry is very energy inefficient and a new entrant’s energy efficiency is higher than the industry average, you could have that situation, so we have modified the policy to reflect that.
Senator CORMANN (Western Australia) (4.32 pm)—I just indicate on behalf of the opposition that we will not be supporting the Greens amendment. In the interests of time, given this issue was dealt with in some detail yesterday, I do not propose to add any further comments.

The TEMPORARY CHAIRMAN (Senator Ryan)—The question is that Australian Greens amendments (39), (45), (51) and (58) on sheet 5786, moved by Senator Milne, be agreed to.

Question negatived.

Senator XENOPHON (South Australia) (4.33 pm)—I move amendment (12) on sheet 5912:

(12) Clause 167, page 207 (after line 10), after subclause (1), insert:

(1F) The emissions-intensive trade-exposed assistance program must provide that within 2 months of being issued with free Australian emissions units for a year in accordance with the program, the person to whom the units are issued must prepare a business plan in relation to the activity and submit it to the Minister.

(1G) A business plan prepared under subsection (1F) must demonstrate:

(a) a commitment to reducing carbon emissions in relation to the activity; and

(b) that there will not be a net reduction in jobs in relation to the activity, other than as a result of investment in new technologies.

(1H) A person who has submitted a business plan under subsection (1F) must submit a progress report on its implementation by the end of 10 months after the day on which free Australian emissions units were issued to the person.

(1I) The Minister must within 30 days assess a progress report submitted under subsection (1H) in accordance with assessment criteria specified in the regulations and determine whether or not the objectives of the business plan are being met.

(1J) If the Minister determines under subsection (1I) that the objectives of a business plan are not being met, the Minister may determine that the person is required under section 168 to relinquish all of, or a proportion of, the free Australian emissions units issued to the person for that year.

(1K) If the Minister determines under subsection (1I) that the objectives of a business plan are being met only in part, the Minister may determine that the person is required under section 168 to relinquish a proportion of the free Australian emissions units issued to the person for that year.

This amendment relates to viability requirements. It provides criteria by which business plans can be used to demonstrate that businesses receiving assistance are both economically viable and environmentally responsible. Any assistance should be linked to these requirements. I believe that, if a business receives assistance, it needs to show the community that it has a plan in place to cut emissions, to protect jobs and to stay in business.

The thrust of this amendment is that businesses who receive assistance will have to produce a plan to perform against; otherwise, they will be liable to relinquish their assistance, either in full or in part. It should reassure regional communities to know that, as part of receiving assistance, entities will be required to keep jobs in the community. This amendment provides a clear incentive to do the right thing. It is a case of mutuality, in a sense—you cannot receive assistance unless you can demonstrate that you have a plan to lower your emissions and also not to shed jobs by virtue of that assistance. I commend the amendment to my colleagues.
Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (4.34 pm)—The government do not support the proposed amendment. In essence, the effect of the amendment is twofold. It requires entities receiving assistance to submit a business plan which demonstrates ‘a commitment to reducing carbon emissions’ and demonstrates ‘that there will not be a net reduction in jobs in relation to the activity’. It also appears to empower the minister to order the relinquishment of some or all of the emissions units if ‘the objectives of the business plan are not being met’.

The difficulty with the amendment is that it would create enormous uncertainty regarding whether or not a business would be entitled to the assistance. It would mean that each year’s allocation would be—and this would trouble me somewhat—at the whim of the minister of the day. Effectively, if the minister had the power to order the relinquishment of some or all emissions units, at the beginning of the year you would not know whether or not that was going to occur. In addition, a whole range of decisions made by a business over the course of a year may potentially cause a reduction in, or removal of, assistance. It creates significant business uncertainty. We are about providing business certainty. The amendment also contradicts one of the main purposes of the CPRS, and that is to ensure that the system does not require continuous regulatory intervention.

I am sure, Senator Xenophon, if you turn your mind to the explanation, you will see that the amendment does a couple of things. It provides business uncertainty. It also means that the minister would be in the process more than we intended. One of the problems at its base is that it places a compliance burden on business in receipt of the assistance, and that, I am sure, is not what you are trying to achieve. I can in part see the purposes of your amendment, but for the reasons I have outlined the government opposes the amendment. It does not provide what I would call a beneficial effect for business, neither with certainty nor with the increased obligations there would be on businesses.

Senator XENOPHON (South Australia) (4.38 pm)—I thank the minister for his response. Is the minister saying that the government will dole out billions of dollars worth of assistance for industry, but there is no obligation to have a plan to reduce their emissions? That is what this amendment is seeking to do, to say that if you get assistance it ought to be part of an overall plan to reduce emissions.

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (4.38 pm)—Clearly what the scheme does is provide incentives to reduce carbon emissions. That is how a cap-and-trade system operates. So there are significant incentives within the system to reduce their carbon emissions, and if they fail to reduce their carbon emissions then the scheme kicks in and the consequences of that are clear within the Carbon Pollution Reduction Scheme. What Senator Xenophon’s system seeks to do is in fact not allow that to work by interfering the minister and providing onerous compliance obligations on businesses in receipt of the assistance, which is not at the heart of what the CPRS is designed to do.

Senator MILNE (Tasmania) (4.39 pm)—I think what Senator Xenophon has recognised is that the deal that was done between the government and the coalition transfers billions of dollars to coal-fired generators, for example, and there is no guarantee whatsoever from those coal-fired generators in relation to jobs. We have had many people in the coalition running around telling coal communities that the way to save their jobs and save those communities is to give bil-
lions of dollars to multinational corporations when there is absolutely no justification whatsoever for transferring such a vast amount of money across to those coal fired generators. There is absolutely no justification for it in economic terms. It is rent-seeking in the extreme, and there is nothing in the deal between the government and the coalition that says those multinational corporations owe anything to their workers.

I disagree with Senator Xenophon in requiring them to maintain exactly the same workforce because, as I understand the plan, if you are going to reduce emissions and you are going to transition to different industries, you might well have a different energy generator who is producing renewables or something as opposed to a coal fired generator. So the issue here is to guarantee communities keep the jobs, have the training and so on and do not just get dumped.

The concern I have, and that Senator Xenophon has clearly articulated in this amendment, is that the government and the coalition have agreed to a plan with five per cent emission cuts. The coal fired generators get $7.3 billion for nothing. There is no justification for it. It is simply because they did a better job than other people in stirring up coal communities, saying that they would shut down, that the lights would go out if they did not get this money, with no justification whatsoever because, as I have said so many times in here, the risk associated with a carbon price was factored into their share price calculation. They have known this was coming for 20 years, and now they can take the money and run—and just watch how some of them do it.

When we come back here in five years time, we will find that $6 billion was taken out of the pockets of the community in compensation and transferred straight across to multinational corporations, laughing all the way to the bank, because at no stage has either the minister or the coalition put on the record what is the economic argument for giving to coal fired generators compensation for the loss of their asset value when that is the whole point of a carbon price—that is, to put a price on carbon such that you bring on alternatives to coal fired generation.

The issue here should have been that this money is not going to coal fired generators but going to the communities in which coal fired generators are located so that there is an industry policy with money so that the structural adjustment in those communities could occur. But, no, that money is not going to the communities. That money is going to the coal fired generators, and just watch them cut and run. And, when they do, all the people who negotiated this deal with the money, the billions, going to them, will say, ‘Oh, they shut down.’ What Senator Xenophon is saying is they should at least have been required to provide a plan of how they are going to cut their emissions.

I would correct the acting minister, Senator Ludwig, who said the point of this scheme is to reduce emissions. The coal fired generators are not going to reduce their emissions out to 2034. They are not going to reduce their emissions. In fact, the deal between the government and the coalition requires the coal fired generators to keep on generating electricity at huge cost to the atmosphere because there will be no carbon capture and storage in that time frame. It requires them to do that or they lose their compensation. It is why it has this ridiculously perverse outcome whereby Western Australia is considering re-commissioning old decommissioned coal fired power plants. It will keep Hazelwood operating, the plant in Victoria long overdue for closure.

What the government and the coalition have done with this scheme is to say, ‘Keep
on pumping out coal fired power,’ and that was clearly canvassed on Business Sunday at the weekend. There were any number of analysts saying: ‘What has happened here is that they’ve been paid to keep on polluting rather than being paid to stop polluting, and the communities should have been paid with an industry policy that set up new renewable energy technologies in the Hunter Valley, in the Latrobe Valley and so on. We should’ve gone directly to transfer the benefits to communities, not to multinational corporations.’ So I have got a great deal of sympathy with what Senator Xenophon was trying to do, which was to link the compensation to some jobs guarantees, which are not here. But I cannot concur with the idea that they must retain the same number of employees, because if a scheme worked effectively you would have a transformation out of dirty electricity into the new green jobs in the renewable energy sector and in all the technologies associated with that. In my view that is how the plan should work.

Nevertheless it is an attempt by Senator Xenophon to force some transparency on the multinationals so that they just do not take the money and run, and we still do not have an answer on that from the government. The $7.3 billion that they negotiated for coal-fired generators is for a five per cent reduction. I asked the government to calculate and come back to me with a figure for a 15 per cent reduction in emissions and then a 25 per cent reduction in emissions, but we have not had those figures floating around because I am sure the government and the coalition do not want the Australian people to know just exactly how much they would be prepared to pay multinational corporations, with no economic justification whatsoever. As Professor Garnaut indicated, there is no justification for giving compensation for loss of asset value to coal-fired power stations. We did not do it to the tobacco industry, we did not do it to the asbestos industry and we ought not to be doing it for coal-fired power.

Senator XENOPHON (South Australia) (4.46 pm)—I thank Senator Milne for her comments of broad support. If I may direct this to Senator Milne: I envisage that to protect against job losses the idea is that investment must be made in low-emission technologies and alternative industries. That is not inconsistent with the same entity doing that. If a coal-fired generator receives assistance and that goes into co-generation or is invested in alternative energy and that offsets the jobs that are lost as a result of reducing the output or closing down the coal-fired generation aspects of that particular industry, then that is still a win-win in my view. To my coalition colleagues, who I do not think are supporting this, I would have thought that the coalition would be attracted to this since the coalition supported the concept of mutuality in terms of work for the dole. It is a similar sort of approach. If you are receiving assistance you need to give something back for it. Where there is $7.3 billion worth of assistance it is not unreasonable for there to be a business plan in place to say how you are going to reduce emissions as a consequence of the significant taxpayer funded assistance you are receiving in respect of this scheme.

Senator ABETZ (Tasmania) (4.48 pm)—I indicate on behalf of the opposition that we will not be supporting Senator Xenophon’s amendment. The principles behind Senator Xenophon’s amendments are important. We believe that we have been able to negotiate with the government, in relation to this aspect, to achieve an outcome that would deliver on this.

In relation to Senator Milne’s comments, I cannot let them go by. The arguments have been well rehearsed over the days. The government’s approach in relation to this is to
ensure security of electricity supply. To say that part of an emissions trading scheme is to actually reduce the asset value and do that overnight would of course send shockwaves, and that is why the Victorian state government ensured that the Morgan Stanley report in relation to the viability of Victorian power stations was released. It is a bit like the IPART report, which the New South Wales state government released, dealing with the problems of the energy generators. To simply say: ‘You beauty. This scheme would have this impact,’ when Australian households and Australian industry no longer had certainty of electricity supplies, then you would understand what the impact would be if Green policies—and when I say ‘green’ I mean the Australian Greens party political policies—were to be implemented. So we stand with the government in relation to this. We say that if you do not want Hazelwood operating in Victoria—and I can understand that it is a dated and polluting power station—you actually need an alternative source of power supply, and that is why the government’s arrangements in this area of transitioning are so important. I think Senator Xenophon would not adopt the more extreme approach that Senator Milne was just indicating. So I indicate that the opposition will not be supporting this amendment, on the basis that we believe that an appropriate arrangement has been entered into with the government.

The TEMPORARY CHAIRMAN (Senator Ryan)—The question is that Senator Xenophon’s amendment (12) on sheet 5912 be agreed to.

Question negatived.

Senator CORMANN (Western Australia) (4.50 pm)—I, and also on behalf of Senator Cash, Senator Back, Senator Eggleston and Senator Adams, move amendment (1) on sheet 6028 revised:

(1) Page 207 (after line 18), after clause 167, insert:

167A Application of EITE to liquefied natural gas production

(1) The emissions-intensive trade-exposed assistance program must determine that liquefied natural gas (LNG) production is a highly emissions-intensive trade-exposed activity.

(2) The activity definition of LNG production for the purposes of the emissions-intensive trade-exposed assistance program must apply to the entire LNG production process, including:

(a) the production of the raw natural gas from an underground reservoir; and

(b) the transformation of the natural gas, including but not limited to:
   (i) pre-treatment of the raw natural gas; and
   (ii) liquids (water and condensate) removal; and
   (iii) removal of acid gases (such as carbon dioxide and hydrogen sulphide); and
   (iv) dehydration and mercury removal; and
   (v) any flaring or venting of hydrocarbons and any fugitive emissions (for example from, but not limited to, compressor seals, valves and so on); and
   (vi) the liquefaction of the natural gas into LNG; and

(c) the short-term buffer storage of LNG, where the volume of that buffer storage is designed specifically for the purpose of enabling efficient loading into the transportation system, such as ocean going tankers, at a frequency and rate determined by the facility’s off-take requirements; and

(d) the loading of the LNG into a transportation system such as ocean going tankers; and
(e) the supply of utilities such as, but not limited to, compressed air, nitrogen, steam and water where these are used in support of the activity; and

(f) the regeneration of any catalysts or solvents used within the activity boundary; and

(g) the provision of support operations such as, but not limited to, on-site office, warehousing, and accommodation and the supply boats and aviation services where these are used primarily to support the above activities and in the absence of government supplied support infrastructure.

(3) The emissions-intensive trade-exposed assistance program must provide for additional free Australian emissions units (a supplementary allocation) to be issued in respect of LNG production projects at an effective rate of at least 80 per cent.

(4) For the purposes of this section, a supplementary allocation of free Australian emissions units is the number of free units required to be issued to a person in relation to a project to bring the aggregate number of free units issued in respect of that project in the previous year to a number equal to the specified percentage rate of assistance.

Having said that, given the risk we perceived last week that this legislation may well get up, we were very concerned about some specific flaws in this legislation that relate directly to our home state of Western Australia. As senators for Western Australia, standing up for our state, we circulated, in the interests of time, a range of amendments that we will be dealing with today. Given the changes that have occurred in terms of the official position of our party this morning, we will not be going through them perhaps to the same extent that we otherwise might have had to given what I suspect will now happen with the legislation.

Talking about LNG in particular, if there was a truly global scheme the LNG industry would do very well. I note a quote from the economic modelling conducted by Treasury in relation to the Garnaut scenarios:

For the Garnaut scenarios, a single policy measure—a global emissions trading scheme covering all economies and all gases starting in 2013—was used to drive emission reductions across the global economy. This stylised global policy framework allows the greatest flexibility to find and exploit the cheapest mitigation opportunities, rather than prescribe the regions and sectors in which emission reductions should occur.

That is the core criticism that we on this side have of the government rushing ahead with its flawed Carbon Pollution Reduction Scheme. If the Australian ETS was part of a truly global ETS then it could be an effective way of helping to reduce global greenhouse gas emissions and to maximise Australia’s contribution to reducing global greenhouse gas emissions, and the LNG industry in Australia would do very well. Because there is no proper global framework and at this stage no prospect of an appropriately comprehensive global scheme there will be all sorts of negative consequences and, specifically in relation to the LNG industry, some costs would be imposed on the LNG industry in
Australia which would not have to be carried by the LNG industry in other parts of the world.

On the basis of the net positive impact that increased Australian exports of LNG would have in helping reduce global greenhouse gas emissions because they would substitute for coal in China and India for example, we think that this should be recognise by having LNG elevated at least to the top tier of emissions-intensive trade-exposed industries—that is, the so-called 94.5 per cent category. The amendment that we move essentially would effect that. We also think that the activity definition that the government has put forward in relation to the so-called supplementary allocation should be locked in as the activity definition for all allocation purposes and it should not be subject to being opened up by the independent expert review through the back door—that is, the government should not be able to wind it back through the back door. Finally, given the important net positive contribution LNG can make to help reduce global greenhouse gas emissions we believe that a floor of 80 per cent should be incorporated for supplementary assistance rather than the suggested 50 per cent.

By way of general summary, if the objective of the government truly was to help reduce global greenhouse gas emissions and to maximise the contribution that Australia can make to help reduce emissions then clearly the LNG industry would be seen as being able to make a significant contribution to that. There is a great opportunity here for a win-win situation where we can go for economic growth at the same time as helping to address our global environmental challenge. From the point of view of my home state of Western Australia this is particularly relevant because we have some significant LNG projects under way and there is the potential for a number of other very significant LNG projects to go ahead in the future. Rather than constraining the growth of this industry by imposing additional costs not placed on our competitors, the government should be facilitating its growth in the interests of both our economy and the environment.

Senator ADAMS (Western Australia) (4.55 pm)—As a Western Australian senator I too would like to join my colleagues in describing how important the LNG industry is to Western Australia. As most of you know, it is predominantly off the north-west of Western Australia. It is a new generation resource of utmost importance to the Australian economy and we must do everything we can to help it be a profitable industry to ensure the development of new projects to provide a consistent stream of revenue and employment.

Today work has started on the $43 billion Gorgon gas project. This development of Australia’s largest resource project formally started today with a ground breaking ceremony at Barrow Island. The operation is tipped to create more than 10,000 direct and indirect jobs, and more than $33 billion is expected to be spent on local goods and services, which is wonderful news for the northern part of Western Australia. The ground breaking ceremony was held near where the three liquefied natural gas trains will run and the domestic gas plant and the carbon dioxide plant will be built. The greater Gorgon area is estimated to have 40 trillion cubic feet of natural gas resources and is well positioned to meet the growing demand for natural gas in the Asia-Pacific region.

Australia’s natural gas industry is more than one of our best economic resources; it is also a much cleaner energy source than coal. By substituting coal in China and in India with Australia’s natural gas we can play a significant role in helping cut global emissions. Projects which are currently under
way will result in 180 million tonnes of global emissions being avoided each year. This equates to removing 40 million cars from the roads, more than three times the number of passenger cars in Australia. These projects are massive. They will create more than 50,000 jobs; 40,000 of these will be in the construction phase and 10,000 will be permanent. The Australian government will get more than $11 billion each year in tax revenues. In fact, the average two-train LNG project delivers a net present value in tax revenues of $40 billion over 25 years. These revenues signify the size of these resources of natural gas. The LNG projects in northern Australia represents the new player our nation has become in the global energy market. These cleaner energy resources are a key part of our transition to a lower carbon economy which also extends to the overseas buyers of our natural gas.

Because Australian natural gas will have such a significant impact on reducing global emissions from our region it should be treated accordingly and recognised by being elevated to the top tier of the proposed emissions-intensive trade-exposed assistance program. The coalition’s amendment will determine in the regulations that the production of liquefied natural gas is classified a highly emissions-intensive trade-exposed activity. LNG should not be classified as a moderately intensive EITE as is currently proposed. It should be elevated to the top tier. Minister, I ask: why is Australian LNG not classified in the top tier; for example, the 94.5 per cent category? It appears strange that LNG is less protected than aluminium or cement.

Senator EGGLESTON (Western Australia) (5.00 pm)—LNG is very important as a means of reducing carbon emissions and thereby is a preferred source of energy under the new and modern concern about carbon emissions. In Western Australia, the gas industry is very significant and important. Very briefly, I want to say that I support the remarks made by Senator Cormann. We do believe in the interests of reducing carbon emissions in the provision of fuel for electricity generation that putting LNG in the top category of emissions-intensive trade-exposed industries is a very significant step which should be taken, because the outcomes are very positive. I echo Senator Adams’s question: why on earth has LNG not been put in that category? It does, in the overall, mean that carbon emissions will be greatly reduced if LNG is used as a preferred fuel for electricity generation.

Senator CASH (Western Australia) (5.01 pm)—As a senator for Western Australia and a joint mover of this amendment, I too would like to place on the record my concerns in relation to the nature of the treatment of LNG as an EITE. In discussions that I have had over the last few days with people within the industry, it has been indicated that the proposed package is going to impose a cost upon these industries. I have to say that this is such a perverse outcome that is actually achieved by the cost that these industries are going to pay. One of the outcomes of this legislation is allegedly to reduce carbon emissions, but what we find in relation to the treatment of LNG is that the scheme as proposed will actually prevent up to 180 million tonnes of CO2 being avoided each year from gas projects that will not go ahead—pervasive, to say the very least.

I echo the comments of Senator Cormann, Senator Adams and Senator Eggleston and again ask the minister why it is that the treatment of LNG as an EITE has not been placed in the top tier—the 94.5 per cent category? In addition to that, one of the questions asked by people within the industry is in relation to the proposed definition of ‘activity’ and the fact that it be confined to particular processing stages only. One of the
flaws raised in relation to this approach is that it excludes the initial stages of the LNG production activity. In addition to the question that has been asked, can the minister please explain why the ‘activity’ definition is confined merely to the processing stages only?

Senator Sterle interjecting—

Senator BACK (Western Australia) (5.03 pm)—I join my colleagues in their comments and also the question to the minister. I look forward, of course, to support from Senator Sterle and Senator Siewert as fellow Western Australian senators on the question of increasing LNG from 66 per cent to 94½ per cent. I also draw attention to the figures that Senator Adams and Senator Cash have alerted us to—that is, that the Gorgon project will produce annually some 8.5 million tonnes of greenhouse gas equivalent, of which 3.4 will be buried, leaving a net of five—

Senator Siewert—They haven’t proved that!

Senator BACK—That is what the objective is, Senator; that is where they are funding research and, of course, it will be the first in the world so that if and when successful that will be world-breaking practice that can be passed on to others.

Senator Siewert—World-breaking practice!

Senator BACK—The important thing is—as I am sure Senator Siewert will be delighted about, and she already knows the figures—that that net of five million can yield a saving of 150 million tonnes per annum.

Because of the brevity of time, I will also make quick mention of the ground-breaking commencement of the Gorgon project today. But, regretfully, we also have another ground-breaking event starting today in the Pilbara at Karratha; that is the first strike for many years in the Pilbara by some 1,500 workers who are striking for 48 hours. Of course, it is a dispute between the CFMEU—and we have our good friend, Joe MacDonald, back up there organising the meeting—the AMWU and the Communications, Electrical and Plumbing Union, taking people out for 48 hours.

All of us travel regularly, so it is important to know why they are going on strike. It is because in the time when they fly home from their place of employment their accommodation will have been used by the time they return. In other words, the analogy would be us coming to Canberra, booking into a hotel and saying to the owner of that hotel, ‘Do not use my room whilst I am away back in my electorate or my state.’ That is the reason that there is a 48-hour strike—the first one for many years.

Senator Sterle interjecting—

Senator BACK—I know you are probably looking confused, Senator, because it is beyond our comprehension that people would demand that accommodation is left unused.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.07 pm)—The government does not support this amendment. What the Western Australian senators who will vote against this scheme and who have campaigned against this scheme are doing is, by legislative fiat, seeking to pick one industry out of a policy and simply say, ‘We are going to give you a different rate even if, due to your emissions intensity, you do not qualify for that rate.’ That is what they are doing.

Here we have a policy framework that gives assistance on the basis of the amount of carbon costs you face—how emissions intensive you are compared to your revenue. We have a coherent policy position, a principle that says we will assist companies on the
basis of considering how much in carbon costs they will face and their capacity to pay. That is probably the best way of simply describing it. What they are saying is, ‘We want you to forget about the policy and just put an amendment in that says that, no matter how small the carbon cost and no matter how high the revenue, a particular industry is going to be favoured because we’—this particular group of senators—’want to make a political point.’ This would increase the cost of assistance for the LNG industry by about $2.6 billion out to 2019-20. So, Senator Cormann, next time you come in here, having a go about debt and deficit, I will ask you to remind us where you were going to fund this amendment of $2.6 billion over the decade from.

We on this side of the chamber are big supporters of LNG, as has been demonstrated by the progress under this government of many activities in the LNG sector, the most important and most recent of which is the turning of the first sod today—I think—by my colleague Mr Ferguson to mark the start of the construction of the Gorgon project. Obviously the activity definition for LNG has not yet been finalised but, in relation to the question from Senator Cash, we will finalise that definition in accordance with the policy, because when you are conducting a whole-of-economy reform you do not pick bits of industries and change your policy just because you want to advantage one or other of your electorates.

Senator Eggleston interjecting—

Senator WONG—I beg your pardon. I would ask you to withdraw that.

The TEMPORARY CHAIRMAN (Senator McGauran)—Yes, I heard that from the chair, Senator Eggleston. I ask you to withdraw.

Senator WONG—You should stand and withdraw.

Senator Eggleston—If it is unparliamentary, I will withdraw, but I do think it is insincere of the government to be objecting—

The TEMPORARY CHAIRMAN—An unqualified withdrawal, Senator Eggleston.

Senator Eggleston—I do withdraw.

Senator WONG—We are big supporters of LNG, but what this amendment does is say, ‘By legislative fiat, we will override all policy.’ That is no way to conduct sensible economic reform. Does that mean that if the Tasmanians get together and decide that a particular industry for Tasmania—

Senator Cash—It’s the states’ house!

Senator WONG—I will take that interjection: ‘It’s the states’ house.’ Goodness me! So this is how we will try and conduct economic policy and economic reform—not on the basis of the national interest but on what a particular senator might consider is in their state’s interest! The government expects that—

Honourable senators interjecting—

The CHAIRMAN—Order! Give the minister a chance, please.

Senator WONG—We are expecting that LNG projects will qualify for 60 per cent assistance of the industry average emissions intensity under the standard assistance policy. As I discussed with Mr Macfarlane, your negotiator, there is a policy issue with LNG, which is the wide dispersion in emissions intensities. In other words, some fields are much gassier than others. That is the policy issue here. It is not, for example, like a particular industrial process where you are going to get variations in the emissions intensity of the activity but it will not be an enormously wide variation. There is that issue with LNG, so the agreement that the government made with the opposition through Mr Macfarlane—who I think is a former en-
ergy and resources minister, so I do not think you—

Senator Cormann interjecting—

Senator WONG—Exactly, and we negotiated the agreement with the opposition that we would enable a supplementary allocation of free permits to ensure all projects received an effective rate of assistance of at least 50 per cent in relation to their production. What this does is ensure that the most emissions intensive—that is, those projects with the highest level of reservoir gas—will be assisted whilst ensuring there are strong incentives for companies to seek opportunities to reduce emissions, such as through the implementation of abatement technologies or developing fewer emissions-intensive gas fields. But for the government’s windfall gains test, the risk of this proposition would be that you would actually be assisting companies for more than their liability. That is not a sensible policy approach. That is not a policy approach supportive of industry. It is a policy approach that reeks of politics rather than sensible policy.

I make the point that we have provided additional assistance to LNG consistent with our policy framework because we believed it was appropriate given the importance of this sector to Australia’s economy and to our exports and because it is true that, in a world where there is a carbon price, this is a cleaner fuel than coal. In fact, it will do better in a world where there is a carbon price. If you were a supporter of LNG, you would support a global carbon price, because that would actually make LNG more comparatively competitive than it is now. But, of course, those opposite want it out but they do not want to include a carbon price.

I make the point—and it is interesting, because I do not often reference him, but Don Voelte has had a lot to say in this debate, and I think even those opposite might have used his words and criticism of me on more than one occasion—that the senators opposite in this place are in fact asking for more than Woodside have publicly declared they can accept. Mr Voelte has urged the parliament to pass the amended CPRS legislation. But I suspect that is not advice that those opposite would take, because they are no longer listening to sensible advice from the business community. They are no longer listening, for example, to the Business Council of Australia, to Origin Energy or to the Australian Industry Group. They are not listening to them anymore. They are listening to some extreme views inside their own party. That is where this debate has now gone.

Senator CORMANN (Western Australia) (5.15 pm)—This is my final contribution to this amendment. The minister used the words that, essentially, these percentages were set based on the capacity to pay. Can she perhaps clarify that point so that I do not mislead the chamber? That is what I heard you say.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.15 pm)—The policy proposition the government has put forward after consultation with industry over a year is that the thresholds are set looking at tonnes of emissions per million dollars of revenue. I was trying to explain that in a simple way and say that it is essentially a measure of the amount of cost you face and your capacity to pay, which I suppose the economists might call ‘materiality’.

Senator CORMANN (Western Australia) (5.16 pm)—That is what I thought I had heard the minister say—the cost you face and your capacity to pay. So, rather than looking at this on the basis of our objective being to help reduce global greenhouse gas emissions, on the basis of accepting that under a global scheme—if there truly were a
global scheme—an industry like the LNG industry would do very well or that we do not want to disadvantage an important Australian industry which can help reduce emissions as well as help grow our economy, before there is a global scheme the minister says, ‘We’ve set the 66 per cent instead of the 94.5 per cent on the basis of capacity to pay.’ That is a tax. It is just a tax. In the absence of an appropriately comprehensive global agreement the additional cost faced by the LNG industry is nothing more and nothing less than a tax. It is not about achieving policy objectives.

The minister says, ‘You’ve just spent another $2½ billion.’ No. What I have said is you should perhaps raise another $2.6 billion less. I remind you that this government is one that is always very good at raising taxes and increasing spending. On coming into government they raised $2½ billion in tax by imposing a tax on the North West Shelf, which of course comes straight out of Western Australia and gets spread around the rest of the country. This is a very eastern-states-centric government, of course, and we have made that observation before.

I will not hold the chamber up much longer. The overall proposition that we are pursuing with this amendment is that, if we are serious about helping to reduce global greenhouse gas emissions, we should be facilitating and encouraging, not constraining, an industry like the LNG industry in Australia. If we expand our exports of LNG into countries like China, Japan and India, where LNG can displace coal as an energy source, we will have a net positive effect in terms of reducing global greenhouse gas emissions, whereas this flawed legislation will help reduce emissions in Australia in a way that will actually see emissions increase in other parts of the world. It will arguably see emissions in other parts of the world increased by more than what we would produce here in Australia. To impose sacrifices on the Australian people—to pursue a policy which will push up the price of everything, cost jobs, put pressure on the economy and put our energy security at risk without helping to reduce global greenhouse gas emissions—is not in the national interest and is not effective action on climate change.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.18 pm)—I thought it would be useful to pose this to the chamber. John Howard’s policy at the last election was that the coalition government would ‘establish an emissions trading system, the most comprehensive in the world, to enable the market to determine the most efficient means of lowering greenhouse gas emissions’. If the Western Australian senators now want to say it is a tax, one wonders what their policy was. Was that a tax too?

Question negatived.

Senator XENOPHON (South Australia) (5.19 pm)—I indicate that I will not be proceeding with amendment (2) on sheet 5916, relating to agricultural offsets. I move the amendment in relation to emerging technologies, amendment (3) on sheet 5916:

(3) Page 214 (after line 3), after Part 8, insert:

Part 8B—Emerging technologies offset program

Division 1—Introduction

173M Aim

The aim of this Part is to enable entities to receive Australian emissions units in connection with the use of emerging technologies.

173N Simplified outline

The following is a simplified outline of this Part:

• The regulations must formulate a program, to be known as the emerging technologies offset program, for the issue of free Australian emissions units in...
respect of offset activities connected with the use of emerging technologies.

- The program may:
  (a) require a recipient of free Australian emissions units to relinquish units; and
  (b) impose reporting or record-keeping requirements on a recipient of free Australian emissions units.

**Division 2—Formulation of the emerging technologies offset program**

173O Emerging technologies offset program

1. The regulations must formulate a program (to be known as the emerging technologies offset program) for the issue of free Australian emissions units in respect of offset activities that:
   (a) are connected with the use of technologies that, under the program, are taken to be emerging technologies; and
   (b) are, or are to be, carried on in Australia during an eligible financial year specified in the program.

2. The emerging technologies offset program must provide that free Australian emissions units must not be issued to a person in accordance with the program unless the person:
   (a) meets such requirements as are specified in the program; and
   (b) has a Registry account.

3. Free Australian emission units must not be issued to a person under the emerging technologies offset program in relation to activities in respect of which free Australian emissions units have been issued under any other Part of the carbon pollution reduction scheme.

4. The Minister must take all reasonable steps to ensure that regulations are made for the purposes of subsection (1) before 1 July 2010.

173P Emerging technologies

1. For the purposes of the emerging technologies offset program, emerging technology includes the following:
   (a) landfill waste gas capture;
   (b) algal carbon capture and sequestration;
   (c) plantstone carbon sequestration;
   (d) soil carbon sequestration;
   (e) reforestation for CO₂ transfer;
   (f) ocean nourishment technology;
   (g) land management and soil carbon capture;
   (h) biogas production;
   (i) biomass conversion;
   (j) a technology prescribed by the regulations as an emerging technology.

2. A person may apply to the Authority, in a form prescribed by the regulations, to have a technology recognised as an emerging technology.

3. If a person applies to have a technology recognised as an emerging technology, and the Authority is satisfied that the technology is not prescribed as an emerging technology, then the Authority must either:
   (a) recommend to the Minister that the technology be prescribed as an emerging technology; or
   (b) do both of the following:
      (i) recommend to the Minister that the technology not be prescribed as an emerging technology; and
      (ii) publish on its website its reasons for not recommending that the technology be prescribed as an emerging technology.

4. The Authority may, by written notice given to an applicant, require the applicant to give the Authority further information in connection with the application.

5. If the Authority recommends to the Minister that the technology be pre-
scribed as an emerging technology, the Minister must take all reasonable steps to ensure that regulations are made to prescribe the technology as an emerging technology.

173Q Relinquishment requirement

(1) The emerging technologies offset program may provide that, if:

(a) a number of free Australian emissions units have been issued to a person in accordance with the program; and

(b) any of the following subparagraphs applies:

(i) a specified event happens;

(ii) a specified circumstance comes into existence;

(iii) the Authority is satisfied about a specified matter;

the person is required to relinquish a number of Australian emissions units ascertained in accordance with the program.

(2) Division 3 of Part 15, relating to compliance with relinquishment requirements, applies in relation to the emerging technologies offset program as if a reference to the emissions-intensive trade-exposed assistance program was a reference to the emerging technologies offset program.

(3) The number of Australian emissions units required to be relinquished by the person must not exceed the number of units mentioned in paragraph (1)(a).

173R Reporting requirement

Scope

(1) This section applies to a person if free Australian emissions units have been issued to the person in accordance with the emerging technologies offset program.

Requirement

(2) The emerging technologies offset program may make provision for and in relation to requiring the person to give one or more written reports to the Authority.

173S Record-keeping requirement

Scope

(1) This section applies to a person if free Australian emissions units have been issued to the person in accordance with the emerging technologies offset program.

Requirement

(2) The emerging technologies offset program may make provision for and in relation to requiring the person to:

(a) make records of information specified in the program; and

(b) retain such a record, or a copy, for 5 years after the record was made.

173T Other matters

(1) The emerging technologies offset program may make provision for and in relation to the following matters:

(a) applications for free Australian emissions units;

(b) the approval by the Authority of a form for such an application;

(c) information that must accompany such an application;

(d) documents that must accompany such an application;

(e) the method of calculating the number of free Australian emissions units to be issued to a person in accordance with the program.

(2) The emerging technologies offset program may provide that an application for free Australian emissions units must be accompanied by a prescribed report.

(3) The emerging technologies offset program may provide for verification by statutory declaration of statements in applications for free Australian emissions units.
173U Ancillary or incidental provisions
The emerging technologies offset program may contain ancillary or incidental provisions.

Division 3—Compliance with reporting and record-keeping requirements

173V Compliance with reporting and record-keeping requirements

Reporting requirements
(1) If a person is subject to a requirement under the emerging technologies offset program to give a report to the Authority, the person must comply with that requirement.

Record-keeping requirements
(2) If a person is subject to a requirement under the emerging technologies offset program to:
   (a) make a record of information; or
   (b) retain such a record or a copy;
the person must comply with that requirement.

Ancillary contraventions
(3) A person must not:
   (a) aid, abet, counsel or procure a contravention of subsection (1) or (2); or
   (b) induce, whether by threats or promises or otherwise, a contravention of subsection (1) or (2); or
   (c) be in any way, directly or indirectly, knowingly concerned in, or party to, a contravention of subsection (1) or (2); or
   (d) conspire with others to effect a contravention of subsection (1) or (2).

Civil penalty provisions
(4) Subsections (1), (2) and (3) are civil penalty provisions.

Note: Part 21 provides for pecuniary penalties for breaches of civil penalty provisions.

This amendment would establish an offset program that would make emerging green technologies eligible for offsets. I acknowledge the comments of my colleagues the Greens, who made the comment that they are concerned that the CPRS is too rigid in its operation and could lock out future innovation. It has the potential for further abatement and cuts in the future. I agree that we need flexibility, and this amendment will provide for that.

I met a couple of weeks ago with a number of representatives from the biosequestration industry. These representatives included Dr John White from Ignite Energy Resources, Andrew Lawson from MBD Energy, Professor Leigh Sullivan from Plantstone, Tony Lovell from Soil Carbon Ltd, John Ridley from Ocean Nourishment and Fiona Wain from Environment Business Australia. The general consensus was that it is important that emerging technologies, particularly in biosequestration, ought to be part of an emissions trading scheme. The potential, I think, is quite amazing in terms of what this can do to reduce CO2. These technologies have the potential to produce a future of net zero emissions for Australia. They could help Australia become a regional leader in environmental emissions reductions and add value to carbon emissions sequestration. Rather than pumping our emissions into a hole in the ground, we could be using them to produce feed, fuel, fertiliser and farm produce. Value could be added. We could be enriching our oceans and nourishing our fields. We could be changing our planting practices to change airborne CO2 to cellulose.

My concern is that, under the current CPRS, there is not enough room for this sort of innovation. I think it is important that there be that innovation. As I understand it, the response is that the government is not able to consider these technologies because
they are not recognised under Kyoto. However, with Kyoto being 10 years old and with some of these technologies having emerged just in the last few years, it is important that a mechanism be in place to ensure that we can maximise the benefit and potential of new technologies. This is something that ought to be dealt with. I look forward to the government’s response to this. There is tremendous potential with respect to emerging technologies and, at the very least, that should be acknowledged in the context of any emissions trading scheme.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.23 pm)—I think I owe Senator Xenophon at least an indication. Can I say at the outset that I think I gave an incorrect figure. The figure I gave was that the government’s calculations were that the cost of the previous amendment was $2.6 billion. I am advised that it is actually $3.5 billion over and above the cost of the amendment already agreed with the opposition.

As I understand it, the senator is seeking to do two things here. He is seeking to enable certain specified offset activities to receive emissions units. I want to come back to the principle, because rather than the sort of ‘every child gets a prize’ approach to this we have to come back to what the policy principle is. This plan is a means to meet our target, and part of what we are doing is setting up a new market. We have to ensure that the market has confidence in Australian emissions units and in the abatement that is represented by them—that is, in terms of offsets. The reason is not because we love markets but because that is how we generate investment.

What is being suggested here is that a range of activities—some of which count towards Australia’s targets and some of which do not under current accounting rules—should be rewarded under the scheme. As a policy proposition, the government does not agree with that. It is not a case of simply saying, ‘We love all these things and we’re just going to give them assistance through the scheme.’ A better policy approach to it is to say: ‘For those things that can be counted towards our target, we need to establish clear rules which enable those technologies to provide offsets or abatement. We need the methodologies there. We need to be able to measure it so that there can be investment through the carbon market or through private finance. For those things that don’t fall within the scheme and that are not counted towards Australia’s target, we should find other ways of supporting them. They might include either the voluntary market—and we have had a long discussion about that—or they might include direct grants or other policy mechanisms such as the renewable energy target.’ The difficulty is that this proposal deals with some things which do and some things which do not count towards Australia’s international target. We have a target already but this would apply in the second commitment period.

The amendment appears to overlap with some of the incentives already provided through direct grant programs or under the renewable energy target. I do not know whether the senator is intending this amendment to work in conjunction with the government’s previous amendments. I am unclear as to how you ensure the integrity of these offsets. You will recall that we had a long discussion about the Domestic Offsets Integrity Committee which was charged with ensuring additionality and methodologies to preserve the integrity of the scheme. I am unclear as to whether this would work in conjunction with that or whether we just decide by legislative fiat that these technologies come in.
I want to emphasise again: it is not that the government is not supportive of these technologies. The question is: what is the best policy mechanism to deliver that support? That policy mechanism should not include either things that are not yet capable of being properly measured and counted such that you start to introduce uncertainty into the new market or things that do not count towards Australia’s targets. The reason is that, if we do those things, particularly the second, we in fact expose taxpayers to risk. If we have reductions in emissions in Australia that are not recognised by the international community then somehow the nation has to find the remainder of the reductions that it has committed to through other means, and the most obvious for that is in the budget. There is a very clear policy proposition here to which we hold. If the senator wants to push me or the government, as he regularly does, for additional assistance to these sectors, it is obviously open to him. However, I would respectfully suggest that these kinds of amendments are not the most sensible way to provide that support.

Senator XENOPHON (South Australia) (5.28 pm)—I indicate that in relation to the minister’s response to the integrity of the scheme it is not intended that this be inconsistent with the integrity of any offset. I want to make that absolutely clear. The impetus for moving this amendment is the frustration that has been expressed to me by a number of emerging technology companies who say, ‘Under current accounting rules we are constrained; we’re not getting that fair go.’ I think the minister acknowledges that and I also think the minister will be arguing for changes to those accounting rules so that we can open things up for these emerging technologies. There is a lot of potential there.

For those of my colleagues who do not believe in any form of emissions trading scheme or who do not even believe in climate change, I would urge them to look at the potential of emerging technologies in terms of carbon sequestration. I thank the minister for her answer. I do not think I have ever pushed the government on anything, Minister. I am just so easy to get on with! We can do better in relation to this. I look forward to working constructively with the government so that these emerging technologies can have a greater degree of investment certainty. We need to robustly analyse and scrutinise them, but the potential Australia has to lead the region and the world with some of these emerging technologies is something we should encourage in a responsible way.

Senator MILNE (Tasmania) (5.30 pm)—I thank Senator Xenophon for raising these issues in the committee stage. The Greens have already put on the record quite clearly that we think all the green carbon issues should be dealt with in a parallel scheme, and that remains the case. Part of the problem and the frustration for these companies is that there just are not R&D grants available; nor is there money for commercialising beyond R&D and then moving from pilot to the small or medium scale. The frustration that is being expressed in this amendment is really a frustration about there not being a pathway for so many of these new technologies to get from where they are to where they need to be. The minister talked about the Solar Flagships Program, and that is a classic case of failure for the same reason. You need the money to scale up to small or medium scale to prove that the technology can work before you then ask investors to take you up to the large scale.

When I moved for the inquiry into Australia’s future oil supply and alternative technologies, one of the very impressive groups of people who came before that inquiry were a company called Microbiogen. They were looking at producing second generation bio-
fuels by converting cellulose to fuel using enzymes. They had patented their technology and it was extremely impressive, but they were leaving the country and going to the US. They had already interested US and UK investors. They came before the committee to say that they wanted to do this in Australia but there was just no mechanism for them to do it here. There were coming to the committee not to ask for anything—they had already made the decision to leave the country and they had overseas investors—but to say that they had a technology which was potentially a major breakthrough in going to second generation biofuels. Second generation biofuels overcome the whole issue of displacement of food production land into fuel production, which has been a major problem for biofuels around the world. But Microbiogen had to leave the country.

What I am hearing from Senator Xenophon is just what I hear about so many technologies, whether solar, biofuel or whatever else. The main problem is we do not have an effective mechanism in Australia. I note the minister’s comments about how grants programs may be an effective way of doing this. They might, but they do not exist at the level at which we need them to exist. One of the points Professor Garnaut made in his review, when talking about emissions trading, was that you need to auction permits so that you get a substantial body of funds the government can use to proactively support grant programs and the like.

Senator Xenophon, I cannot support your amendment because I would like to do it differently, but I acknowledge that this is a major hole in Australia and it is why we are losing some of our best brains overseas. We have seen a massive brain drain out of the country in a whole range of new technologies. David Mills with Solar Heat and Power is a classic case—he went to California. Spark Solar say to me that all their technicians and engineers overseas are Australian. The University of New South Wales and the ANU produce fantastic solar experts who end up working for overseas companies. Zhengrong Shi is Australia’s solar billionaire. On and on it goes.

The current renewable energy target is not well enough targeted or high enough and, because of the faults I have mentioned before, will not support bringing on these new technologies. There is no gross national feed-in tariff. That is desperately needed to bring on these emerging technologies. In addition to a RET and a feed-in tariff you have to have a grants program not just about R&D but that actually takes you through to the commercialisation phases. We are going to have to introduce that. It is no good for the government to say they do not pick winners. They do. Carbon capture and storage is a winner that the government have proactively chosen. In my view it is a complete failure, a dud and nothing other than a pipe dream. Either way, the government have chosen it and given it massive financial support that all these other technologies already sequestering carbon in various ways have not been able to secure. I put on the record my support for addressing this hole in public policy, but I cannot support the amendment Senator Xenophon has put forward.

Question negatived.

Senator CORMANN (Western Australia) (5.35 pm)—I, and also on behalf of Senators Cash, Back, Eggleston and Adams, move amendment (1) on sheet 6022:

(1) Page 214 (after line 3), at the end of Part 8, add:

Division 5—Modified formula for activities using a different type of feedstock

173D Requirements for the emissions-intensive trade-exposed assistance program
The emissions-intensive trade-exposed assistance program must provide that a modified formula apply for the issue of free Australian emission units in respect of a facility that engages in an activity that is within a minority group in an industry based on the type of feedstock it uses, in accordance with this Division.

173E Interpretation

In this Division:

general EITE formula means the formula for working out the number of free Australian emission units to be issued to an applicant in respect of an emissions-intensive trade-exposed activity carried on during a specified period.

173F Application

(1) The applicant may apply to the Authority:

(a) for a facility existing before 1 January 2011, no later than 1 July 2011; or

(b) for a facility which comes into existence on or after 1 January 2011, within 6 months of the commencement of construction of the facility; for the Authority to issue a certificate (a varied feedstock certificate) modifying the general EITE formula for:

(c) the facility specified in the certificate; and

(d) the emissions-intensive trade-exposed activity carried on at the facility.

(2) The application must be accompanied by:

(a) a statement of the definition of the activity in respect of which the application is made, including details of:

(i) a description of the defined activity; and

(ii) exclusions such as sub-activities or elements of production; and

(b) a statement, evidence and details of the type of feedstock the applicant activity uses;

(c) a statement of the type of feedstock the rest of the entities carrying out the same activity as the applicant activity use;

(d) a statement evidencing that the applicant’s activity is within a minority group based on the type of feedstock it uses. For this purpose, the facility forms part of a minority if:

(i) less than 20% of the total participants undertaking the same defined activity in Australia as the applicant are using an alternative feedstock to natural gas; or

(ii) less than 50% of the total participants in Australia, but no more than 3 participants, undertaking the same defined activity as the applicant use an alternative feedstock to natural gas,

(e) international evidence on the weighted average emissions per unit of production, pricing and trade across all of the possible feedstock types used in relation to the applicant’s activity, including natural gas feedstock;

(f) in relation to paragraph (e), a statement from an independent expert specifying:

(i) the scale and scope of international data available; and

(ii) how representative the evidence in paragraph (e) is of world production for that activity; and

(iii) the consistency of data with the activity definitions; and

(iv) the existence of knowledge gaps in the evidence and information; and

(v) the existence of other evidence and information which may be
useful in determining the efficiency of Australian producers with that of international counterparts, including information relating to energy or electricity intensity;

(g) Australian evidence from an independent expert on the emissions per unit of production, pricing and trade of the applicant’s type of feedstock for its activity;

(h) a statement evidencing that a Department of Climate Change registered assurance provider has been engaged;

(i) an explanation of how the modification, if permitted, will impact upon the applicant;

(j) an explanation of how the modification, if permitted, will impact upon the general EITE formula;

(k) a statement of what the baseline level of direct emissions per unit for the production of the relevant product should be and the calculations from which it was derived; and

(l) a statement evidencing that the baseline level of direct emissions in paragraph (k) will meet the expected carbon cost exposure of that feedstock.

(3) The Authority must:

(a) prepare a draft varied feedstock certificate in respect of the applicant’s facility, which sets out a new baseline level of direct emissions per unit which reflects the weighted average emissions per unit across all of the possible feedstock types in relation to the applicant’s activity; and

(b) give a copy of the draft certificate to the applicant; and

(c) notify the applicant, in writing, of the reasons why it has prepared the draft certificate; and

(d) invite the applicant to comment about the draft certificate within 30 days after the date of the invitation.

(4) The invitation is not an undertaking or guarantee that the Authority will make a particular decision on the application.

(5) If, after considering any comments about the draft certificate received in accordance with subsection (3), the Authority is satisfied that it is appropriate to issue a varied feedstock certificate, the Authority must issue a certificate which sets out, in respect of the applicant’s facility, a new baseline level of direct emissions per unit.

(6) On issuing the varied feedstock certificate under subsection (5), the Authority must also notify each member of the minority to which the varied feedstock certificate relates that the new baseline level of direct emissions per unit of production applies to each member of minority.

Food production is becoming increasingly challenging around the world. There is a growing need to get a better yield from our existing natural resources. Fertilisers, including urea, are a prerequisite for getting those better outcomes. Currently Australia imports a very significant proportion of its fertiliser. However, there is an emerging fertiliser industry in Western Australia which commenced with a first project on the Burrup Peninsula in north-west Western Australia and which is now expanding to Collie in the south-west of WA. This emerging industry could quickly grow into a global export market for Australia. Our products out of Western Australia would be in high demand, particularly from countries including India and China, where large populations have to be fed off land with declining productivity. Around the world, including in Australia, both natural gas and coal are used as feedstock for producing urea, which is then used in the production of fertiliser. Of late, of
course, a majority of new global fertiliser projects have used coal as their feedstock, as natural gas becomes used for LNG markets and ever more expensive.

The Burrup project utilised natural gas as its feedstock; the Collie project, however, is seeking to use coal as its feedstock. In the Collie project, the coal would be gasified with the hydrocarbons producing urea and the waste product being CO2. Gasification makes the product much less emissions intensive and the CO2 emissions would be captured and ready for storage in the nearby proposed Harvey region aquifer storage facility. Notably, this project is likely to be the largest clean coal capture and storage project ever in Western Australia’s history. Despite the improved environmental outcomes from such a process and the huge economic benefits of such an industry, the Rudd government has chosen to disadvantage the coal gasification urea industry through the CPRS and, of course, coal as a feedstock is massively disadvantaged when compared to natural gas as a feedstock in the Rudd CPRS.

This amendment seeks to ensure a level playing field for this emerging industry while ensuring responsible environmental and social outcomes, which will continue to assist in providing food for the world’s population. This first amendment very specifically aims to set allocative baselines. This amendment seeks to ensure that emissions intensive trade exposed assistance is consistent with the government’s statement that activities should not be differentiated by the quality and types of feedstock used. There are few entities within Australian industry, compared to the balance of the industry internationally, that use a different feedstock to natural gas. By doing so, international competitiveness is maintained as reflective of world practice and a consistent approach towards the prevention of carbon leakage ensues.

In particular the amendment will permit applications to modify the allocative baseline for emissions intensive trade exposed activities which meet certain criteria, namely that the feedstock is different to that of the balance of the group, to reflect the weighted average emissions per unit of production across all of the feedstock available for that type of activity rather than natural gas alone. I understand that this is one of the amendments which has been put forward by Ian Macfarlane to the government and it is one of the amendments which did not make it up. It is an amendment that is quite important for an industry that can emerge in Western Australia where a process can be environmentally superior to what is currently being used in other parts of the world but, because of the way the Carbon Pollution Reduction Scheme is currently structured, this particular industry will not get off the ground if this CPRS legislation were to become law. On behalf of the five Western Australian senators who are moving this amendment I commend it to the Senate.

Senator EGGLESTON (Western Australia) (5.39 pm)—I would like to endorse the remarks of Senator Cormann my colleague from Western Australia. This is very much an example of an industry which is being probably unintentionally disadvantaged by the rules of the CPRS. This company, Perdaman, has secured the required equity for the project and has commenced efforts to raise up to $2 billion in bank debt for this urea plant to go ahead. When they spoke to me, as they did to the other Western Australian senators, the Perdaman company said that the additional impost of $50 million per annum for carbon permits will make the project non-bankable and therefore it will not go ahead.

This is a major project in the south-west of Western Australia producing urea largely for export, so it will increase Australia’s ex-
port income. It will create a lot of employment in the south-west and this is the kind of industry which we want to see promoted. In Western Australia, as has been said earlier, electricity supply is very largely based on gas and, as Senator Cormann has said, there is a clear need for additional transitional assistance for investments in low emission CCS projects, especially for those projects which qualify for the emission intensive trade exposed assistance. We believe that in the case of the Perdaman project the amendments which the company has suggested be put forward would enable this development to go ahead. I ask the minister to be of assistance to this company in permitting this development to occur by agreeing to the amendment. This is a project which involves jobs and generates export income. I question why these industries have apparently been overlooked in the development of the CPRS.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.42 pm)—The government is not supportive of this amendment nor was it one of the amendments negotiated and agreed with the opposition. The amendment as put forward in fact gives an incentive to pollute more. That is what is being sought—an incentive for companies to be able to use a more polluting process or in this case a more polluting feedstock but, for whatever reason, to receive free permits for that. It would seem not a very sensible policy proposition in the context of a scheme that is about trying to give the incentive to invest in cleaner energies and cleaner technologies. The amendment as it stands is not supported by the government.

Senator EGGLESTON (Western Australia) (5.43 pm)—In response to the minister, I did say I thought this particular outcome was unintentional. Although the minister said it is a more polluting feedstock, the feedstock which is available in Collie is gas, the other one is coal and in this case this industry will create jobs and generate export income. I would have thought the minister would be prepared to consider those factors in her assessment of this and be agreeable to the amendment.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.43 pm)—I frankly, Senator, would have thought you might consider how much climate change will mean to the Australian economy and consider supporting the scheme. We could trade that all night. We have put forward amendments and bills that we think are in the national interest that enable Australia for the first time to reduce our contribution to climate change while supporting jobs. I do not think it is sensible to say that what we should do is have within that scheme an incentive for people to pollute more. We differ on that. In terms of supporting jobs, I would just remind you that the government has put forward a very substantial amount of transitional assistance—including, for example, to the LNG industry—in order to support industries through this transition.

Senator MILNE (Tasmania) (5.44 pm)—The Australian Greens do not support this amendment. We do not support activities which pollute more, nor do we believe in paying polluters.

Question negatived.

Senator CORMANN (Western Australia) (5.45 pm)—I, and also on behalf of Senators Cash, Back, Eggleston and Adams, move amendment (2) on sheet 6022:

(2) Page 214 (after line 3), at the end of Part 8, add:

Division 6—Issue of additional free Australian emissions units in respect of carbon capture and storage

173G Object of Division
The object of this Division is to provide financial incentives for early investment in carbon capture and storage plant and equipment in relation to eligible assets. It does so by providing limited transitional assistance in respect of investment in carbon capture and storage plant and equipment in relation to eligible assets during the period up to and including the financial year 2024–25.

173H Interpretation

In this Division:

- **carbon capture and compression** means the capture, compression and, where necessary, conditioning of emissions, prior the transportation of emissions to a storage site capable of capturing and compressing emissions which are at least:
  - (a) 99% pure carbon dioxide; and
  - (b) 1.0 barg.

- **carbon capture and storage project** means a project to construct and commission new carbon capture and compression equipment. For this purpose, it is immaterial whether the project has been completed.

- **carbon capture and storage ready assistance** means assistance under this Division.

- **coal gasification** means a manufacturing process that converts coal to a synthesis gas (syngas, which is mainly carbon monoxide and hydrogen), which can be further processed to produce chemicals, fertilizers, liquid fuels, hydrogen, and electricity; coal gasification is not combustion, but rather partial oxidation, meaning limited oxidant is added.

- **EITE emission units**, in respect of a facility, means the number of free Australian emissions units issued to a person in respect of the facility under the provisions of the emissions-intensive trade-exposed assistance program, other than this Division.

173I Issue of free Australian emissions units in respect of carbon capture and storage

1. The emissions-intensive trade-exposed assistance program must provide for the issue of free Australian emissions units (**CCSR units**) in respect of a facility that:
   - (a) undertakes emissions-intensive trade-exposed activities; and
   - (b) uses coal gasification technology; and
   - (c) is controlled or operated by persons that have invested, or stand ready to invest, in carbon capture and storage ready plant and equipment.

2. CCSR units must not be issued to a person under this Division unless the person:
   - (a) meets such requirements as are specified in the emissions-intensive trade-exposed assistance program; and
   - (b) has a Registry account.

3. The requirements of this Division are in addition to the requirements of the other Divisions in this Part.

173J Requirements for assistance

1. The Authority may issue a person with a certificate of eligibility for carbon capture and storage ready assistance if:
   - (a) the person has applied for the issue of free Australian emissions units under the emissions-intensive trade-exposed assistance program; and
   - (b) subsections (2) to (6) apply in respect of that application.

2. The facility (or facilities) to which the application relates uses (or use) coal gasification equipment.

3. In relation to one or more facilities to which an application relates, as at 1 June 2011:
(a) carbon capture and compression plant and equipment is installed at the facility; or

(b) a carbon capture and storage project is in existence but has not been completed and the project is fully committed by the project proponent, having regard to the following matters:

(i) the project proponent’s rights to land for the construction of the project;

(ii) whether contracts for the supply and construction of the project’s major plant or equipment (including contract provisions for project cancellations) were executed;

(iii) the status of all planning and construction approvals and licences necessary for the commencement of construction of the project (including completed and approved environmental impact statements);

(iv) the level of commitment to financing arrangements for the project;

(v) whether project construction has commenced;

(vi) whether a firm date had been set for project construction to commence.

(4) The applicant has not obtained or cannot reasonably obtain, on reasonable economic terms, an off take arrangement or storage option for the captured, compressed and conditioned carbon during the financial years up to and including 2024–25.

(5) The applicant must provide the Authority with a report:

(a) setting out the amount or volume of carbon which is reasonably likely to be captured by the carbon capture and compression plant and equipment in each year; and

(b) the date of installation of the carbon capture and compression plant and equipment at the facility; and

(c) the technical specifications of the carbon capture and compression plant and equipment at the facility; and

(d) whether the applicant considers that the carbon capture and compression equipment at the facility meets the requirements of this Division.

(6) A report complies with this subsection if:

(a) the report is prepared by a person who has appropriate engineering qualifications; and

(b) the report sets out the person’s estimate of the carbon capture and storage capability of the plant and equipment of the facility; and

(c) the person does not have an interest, pecuniary or otherwise, in the outcome of the application.

173K Further information

(1) The Authority may, by written notice given to an applicant, require the applicant to give the Authority, within the period specified in the notice, further information in connection with the application.

(2) If the applicant breaches the requirement, the Authority may, by written notice given to the applicant:

(a) refuse to consider the application; or

(b) refuse to take any action, or any further action, in relation to the application.

173L Issue of certificate of eligibility for carbon capture and storage ready assistance

Scope

(1) This section applies to a facility if:

(a) an application for the issue of free Australian emissions units under the emissions-intensive trade-exposed
assistance program has been made in respect of the facility; and
(b) subsections 173J(2) to (6) apply in respect of that application.

Issuance of Certificate

(2) After considering the application, the Authority may issue a certificate of eligibility for carbon capture and storage ready assistance in respect of the carbon capture and storage project.

(3) A certificate of eligibility for carbon capture and storage ready assistance must state that a specified number is the number of units available for issue as CCSR units in respect of the facility, for the purposes of the subsection 173M(3).

Timing

(4) The Authority must take all reasonable steps to ensure that a decision is made on the application:

(a) if the Authority requires the applicant to give further information under subsection 173K(1) in relation to the application—within 90 days after the applicant gave the Authority the information; or

(b) otherwise—within 90 days after the application was made.

Refusal

(5) If the Authority decides to refuse to issue a certificate of eligibility for carbon capture and storage ready assistance in respect of the facility, the Authority must give written notice of the decision to the applicant.

Publication of Copy of Certificate

(6) As soon as practicable after issuing a certificate of eligibility for carbon capture and storage ready assistance in respect of the facility, the Authority must publish a copy of the certificate on its website.

173M Amount of free units to be issued

Scope

(1) This section applies to a facility if a certificate of eligibility for carbon capture and storage ready assistance is in force in respect of the facility.

Issue of free units

(2) On 1 September in each eligible financial year beginning from 1 July 2011 to 1 July 2024, the Authority must issue CCSR units in respect of the facility in accordance with this section.

(3) The number of CCSR units to be issued in respect of a facility in each eligible financial year must be the lesser of:

(a) the number of units available; and

(b) number of units capable of being allocated;

where:

number of units available is the number of Australia emissions units that represents the carbon dioxide equivalence of the greenhouse gases capable of being captured by the carbon capture and compression plant and equipment installed at the facility.

number of units capable of being allocated is the number of CCSR units which, if added to the EITE emissions units, would cause the total number of free Australian emission units issued to a person in respect of the facility to equal number of units which represents the percentage amount set out for that year in the following table:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Percentage of free Australian emissions units against actual emissions in each financial year (including global recession buffer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011–12</td>
<td>94.5%</td>
</tr>
<tr>
<td>2012–13</td>
<td>93.2%</td>
</tr>
<tr>
<td>2013–14</td>
<td>92.1%</td>
</tr>
<tr>
<td>2014–15</td>
<td>90.8%</td>
</tr>
<tr>
<td>2015–16</td>
<td>89.7%</td>
</tr>
<tr>
<td>2016–17</td>
<td>84.3% (no global recession buffer applies in this financial year)</td>
</tr>
</tbody>
</table>
### Financial Year

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Percentage of free Australian emissions units against actual emissions in each financial year (including global recession buffer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017–18</td>
<td>83.2% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2018–19</td>
<td>82.1% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2019–20</td>
<td>81.1% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2020–21</td>
<td>80.0% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2022–23</td>
<td>78.7% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2023–24</td>
<td>77.4% (no global recession buffer applies in this financial year)</td>
</tr>
<tr>
<td>2024–25</td>
<td>76.1% (no global recession buffer applies in this financial year)</td>
</tr>
</tbody>
</table>

This amendment provides for a proposed mechanism which will deliver a consistent approach for providing transitional assistance and financial incentive for liable entities investing in carbon capture plant and equipment prior to the full commercialisation of carbon storage projects in Australia. It does this by confirming the government’s commitment to be a low-emission-energy economy and bringing forward the early development of industrial scale carbon capture and storage projects.

In particular, the amendment will confer the authority to issue a number of free Australian emissions units in respect of certain eligible emissions-intensive trade-exposed activities which employ coal gasification technology and invest in carbon capture and storage ready plant and equipment during the first 14 years of the scheme. The level of assistance will be determined by the amount of direct emissions which are capable of being captured by the installed equipment at the facility and the degree of carbon capture and compression readiness for such equipment. It will impose strict limits on the percentage of free Australian emissions units as a proportion of actual emissions which an applicant is issued with so as to avoid windfall gains; provide that the issue of free Australian emissions units available is pro rated in respect of the degree of readiness of the carbon capture and compression equipment; provide for no double counting under other assistance mechanisms under the CPRS, including other policy commitments; and grant funding under, for example, the carbon capture and storage flagship program application.

Finally, the exemption scheme has been designed to encourage and incentivise forward-looking investment by liable entities to develop an effective global response to climate change. The design also moderates the level of assistance through the imposition of limits on the receipt of free Australian emissions units, which prevents entities receiving a windfall gain. Receipt of other forms of assistance under the CPRS would not preclude a liable entity from assistance under this scheme except to the extent that the percentage limit is reached. I commend the amendment to the Senate.

**Senator BACK** (Western Australia) (5.47 pm)—I will speak very briefly, if I may, in support of Senator Cormann and my other colleagues. This is a producer that is receiving no support akin to that given to other coal producers on the eastern seaboard. It is important that the minister understand. I have represented this case very actively to our colleague Mr Macfarlane, who I understand has also raised this with the minister. This particular company produces 15 per cent of the electricity of southern Western Australia. While it is true to say that that is not in jeopardy immediately, it has missed out completely under the scheme, and the security of that supply of electricity in the shorter term is at risk. I ask: Minister, will you go back and reconsider the representations that have been put to you through our colleague in your negotiations? As I say...
again, this is a company and a product that has not received the protection given to others in the coal industry. Southern Western Australia’s electricity supply is of critical importance. It is not part of a national grid and, of course, the supply of coal—

Senator Cormann—We’re getting to that later.

Senator BACK—I am sorry; I thought we were on it now.

Senator Wong—You’re talking about electricity, aren’t you? We are still on CCS.

Senator Abetz—That is a man ahead of his time!

The CHAIRMAN—Yes, the Western Australian electricity market is the next amendment.

Senator Wong (South Australia—Minister for Climate Change and Water) (5.49 pm)—The government does not support this amendment. Essentially, what it is seeking is a double benefit. Under the scheme, if you engage in CCS, that reduces your liability because what is stored is netted out from your emissions. What this seeks is that you get free permits before you get CCS. It is a way of delivering assistance. Rather than amending the scheme in this way, we say the better way to do it is to provide grants, which the government is providing through the CCS flagship program and the Clean Energy Initiative.

Senator Milne (Tasmania) (5.50 pm)—The Australian Greens do not support this amendment in any shape or form. Carbon capture and storage should be a cost of doing business to the people who are emitting carbon dioxide. In the absence of carbon capture and storage, there should be no new facilities that are generating carbon dioxide emissions. The government still has not put on the table the maps of the supposed carbon capture and storage sites that they say are viable, which we do not believe exist.

Question negatived.

Senator Wong (South Australia—Minister for Climate Change and Water) (5.50 pm)—by leave—I move government amendments (1) to (24) on sheet AL234 together:

(1) Clause 175, page 215 (line 19), omit “4 financial years”, substitute “9 financial years”.

(2) Clause 175, page 215 (lines 21 to 24), omit the dot-point beginning with “If a windfall gain declaration is in force”, substitute:

- If a windfall gain declaration is in force in relation to a generation asset, the Minister may determine that the number of free units to be issued in respect of the generation asset for the financial years beginning on 1 July 2018, 1 July 2019 and 1 July 2020 is to be halved.

(3) Clause 176, page 216 (after line 20), after paragraph (2)(e), insert:

(f) 1 September in the eligible financial year beginning on 1 July 2016;

(g) 1 September in the eligible financial year beginning on 1 July 2017;

(h) 1 September in the eligible financial year beginning on 1 July 2018;

(i) 1 September in the eligible financial year beginning on 1 July 2019;

(j) 1 September in the eligible financial year beginning on 1 July 2020;

(4) Clause 176, page 217 (before line 2), before paragraph (a) of the definition of generation assistance limit for that eligible financial year, insert:

(aa) if that eligible financial year begins on 1 July 2011—26,140,000; or

(ab) if that eligible financial year begins on 1 July 2012—26,140,000; or

(5) Clause 176, page 217 (line 4), omit paragraph (b) of the definition of generation assistance limit for that eligible financial year, substitute:
(b) if that eligible financial year begins on 1 July 2014—26,140,000; or
(c) if that eligible financial year begins on 1 July 2015—26,140,000; or
(d) if that eligible financial year begins on 1 July 2016—19,600,000; or
(e) if that eligible financial year begins on 1 July 2017—19,600,000; or
(f) if that eligible financial year begins on 1 July 2018—19,600,000; or
(g) if that eligible financial year begins on 1 July 2019—19,600,000; or
(h) if that eligible financial year begins on 1 July 2020—19,600,000.

(6) Heading to clause 183, page 228 (line 2), omit “No assistance for 2014-2015 or 2015-2016”; substitute “Reduced assistance for 2018-2019, 2019-2020 and 2020-2021”.

(7) Clause 183, page 228 (lines 4 to 9), omit subclause (1), substitute:

(1) The Minister may, before 1 August 2018, by writing, determine that the number of free Australian emissions units that:

(a) have a vintage year of:

(i) the eligible financial year beginning on 1 July 2018; or
(ii) the eligible financial year beginning on 1 July 2019; or
(iii) the eligible financial year beginning on 1 July 2020; and

(b) are to be issued in accordance with section 176 in respect of a specified generation asset;

is to be reduced by 50%.

(8) Clause 184, page 228 (line 21), after “Minister has made”, insert “, or purportedly made,”.

(9) Clause 184, page 229 (line 29) to page 230 (line 10), omit subclauses (2) to (4), substitute:

Revocation of determination

(2) The Minister must declare, in writing, that this Act has effect as if the determination made, or purportedly made, under subsection 183(1) is revoked.

(3) A declaration under subsection (2) is not a legislative instrument.

(10) Page 230 (before line 11), before clause 185, insert:

184A Revocation of Ministerial determination—issue of free Australian emissions units

Scope

(1) This section applies if:

(a) the Minister has made, or purportedly made, a determination under subsection 183(1) in relation to a generation asset; and

(b) as a result of the subsection 183(1) determination, a reduced number of free Australian emissions units have been issued to a person on a particular day in respect of the generation asset; and

(c) after the issue of those units, the Minister has made a declaration under subsection 184(2) in relation to the subsection 183(1) determination.

Issue of free Australian emissions units

(2) On the 10th business day after the day on which the subsection 184(2) declaration was made, the Authority must issue to the person, in respect of the generation asset, a number of free Australian emissions units that is equal to the reduced number mentioned in paragraph (1)(b).

(3) Free Australian emissions units issued in an eligible financial year in accordance with subsection (2) are to have a vintage year of the eligible financial year.

Registry account

(4) The Authority must not issue a free Australian emissions unit to the person in accordance with subsection (2) unless the person has a Registry account.
Other provisions

(5) Subsection (2) has effect subject to sections 185 and 188.
Note 1: Section 185 deals with windfall gains.
Note 2: Section 188 deals with power system reliability.

No double entitlement

(6) If free Australian emissions units have been, or are to be, issued to the person in accordance with subsection (2) of this section, subsection 176(2) has effect, in relation to the requirement to issue free Australian emissions units on the day mentioned in paragraph (1)(b) of this section in respect of the generation asset, as if:

(a) the subsection 184(2) declaration had never been made; and
(b) the relevant conditions set out in paragraph 184(1)(a), (b), (c) or (d) had never been satisfied; and
(c) in the case of a subsection 183(1) determination that was purportedly made—the determination had been validly made.

(11) Clause 185, page 230 (line 14), omit “1 July 2013”, substitute “1 July 2017”.
(12) Clause 185, page 230 (line 18), omit “30 September 2013”, substitute “30 September 2017”.
(13) Clause 185, page 231 (line 5), omit “1 July 2014”, substitute “1 July 2018”.
(14) Clause 185, page 231 (line 6), omit “1 July 2015;”, substitute “1 July 2019; or”.
(15) Clause 185, page 231 (after line 6), after paragraph (4)(b), insert:
(c) the eligible financial year beginning on 1 July 2020;
(16) Clause 186, page 231 (line 17), omit “1 April 2014”, substitute “1 April 2018”.
(17) Clause 187, page 233 (after line 28), after subparagraph (3)(a)(iii), insert:
(iv) the eligible financial year beginning on 1 July 2014;
(v) the eligible financial year beginning on 1 July 2015;
(vi) the eligible financial year beginning on 1 July 2016;
(vii) the eligible financial year beginning on 1 July 2017;

(18) Clause 187, page 233 (line 32), omit “a vintage year of”, substitute “the following vintage years”.
(19) Clause 187, page 234 (line 1), omit “1 July 2014”, substitute “1 July 2018”.
(20) Clause 187, page 234 (line 2), omit “1 July 2015”, substitute “1 July 2019”.
(21) Clause 187, page 234 (after line 2), after subparagraph (3)(b)(ii), insert:
(iii) the eligible financial year beginning on 1 July 2020;
(22) Clause 187, page 236 (line 27), omit “1 April 2013”, substitute “1 January 2017”.
(23) Clause 187, page 236 (lines 28 and 29), omit “1 July 2013”, substitute “1 April 2017”.
(24) Page 242 (after line 31), at the end of Part 9, add:

189C Intermediary registered as a generator

If:

(a) a person (the first person) owns, controls or operates a generation complex; and
(b) under a law of the Commonwealth, a State or Territory relating to the regulation of energy markets, the first person is exempt from the requirement under that law to be registered as a generator in respect of the generation complex; and
(c) the first person is exempt because another person (the intermediary) is registered under that law as a generator in respect of the generation complex;

the intermediary is taken, for the purposes of this Division, to be a person who controls the generation complex.
These amendments extend the delivery of assistance to coal fired generators from five to 10 years and modify the windfall gains provisions. They give effect to the policy changes the government has agreed that will further enhance energy security in Australia and facilitate a smoother transition to lower carbon forms of energy. These changes follow the negotiations with the opposition and discussions on these issues.

We have also committed to a deferred payment arrangement and the future introduction of a low-emissions transition incentive to complement these amendments. The low-emissions transition incentive operates as an amendment to the power system reliability test, giving existing operators of coal fired generators the ability to replace their existing capacity with new generation with lower emissions intensity than current best-practice coal fired generation capacity in Australia while still receiving their Australian emissions units. The allocation formula for apportioning assistance between generation assets has not changed.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (5.52 pm)—I ask the minister what the cost of this handout to the big coal producers is and, secondly, because I think she may not answer that, I ask: is it zero cost?

Senator WONG (South Australia—Minister for Climate Change and Water) (5.52 pm)—The figure that the government has included in the government offer to the coalition, which is public, is an additional $3.055 billion. That was out to 2019-20, Senator. There is an additional year of assistance, given that it is a 10-year program, so it now runs to 2020-21. That is an additional $900 million.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (5.53 pm)—They are getting $4 billion dollars that they were not getting last week, but, under an arrangement with the coalition, they are getting it this week. It is an arrangement that the coalition is now not supporting, but the government nevertheless wants to give $4 billion, on top of $16 billion which was already there, to the coal producers. That is just crazy. It is a Rudd government excess and abuse of proper governance. It was done to seal a deal with the opposition. Although that deal does not exist anymore, this cuckoo-land process of the government is going ahead with it regardless. The Greens will not be supporting that.

Senator WONG (South Australia—Minister for Climate Change and Water) (5.54 pm)—The government has made it clear in this place and elsewhere, particularly in relation to this package, that our focus has been to deliver a package which secures the reliability of Australia’s electricity supply. That is why this amendment was agreed to and that is why the government will maintain it. I have previously indicated the government’s position in relation to these amendments and I do not propose to traverse that again.

Senator MILNE (Tasmania) (5.55 pm)—It is utter nonsense to say we are having a carbon pollution reduction scheme to reduce our emissions when coal-fired power generators create half our emissions from the energy sector and we are going to sandbag them. We are going to keep them polluting because we want to have a reliable energy supply, but there are other forms of power generation—new technologies in particular—which are capable of generating energy. These technologies will be kept out of the market because of the decision to keep the coal-fired generators pumping.

We have covered this before, but it is worth repeating that the deal has increased the ‘money for nothing’ to the coal-fired
generators. There is no economic justification for it. All the government says is that we have to have a reliable energy supply. If we have to have a reliable energy supply, it does not follow that it has to be coal-fired power, but now we have $7.3 billion on the table. The deal with the coalition has fallen over, but the government says, ‘We will leave this additional compensation, for which there is no justification, on the table anyway.’ How ridiculous is that?

It is appalling that the government has extended the period over which this compensation is paid from five years to 10. There was no need for that other than that it was a deal with the coalition. Now it stands even though the coalition does not want the deal anymore. Is it any wonder the coal-fired power stations are so excited? Those companies are so pleased—they want this deal locked in and the government is prepared to do it. The deal actually requires these companies to keep polluting in order to get their compensation. It actually prevents the exit of generators from the energy market where this would be likely to breach power system reliability standards and, of course, they will say that it does. They have all been threatening to turn off the lights if they do not get this compensation.

As well as that, they get even more than the $7.3 billion—a low emissions transition incentive. That is on top of the free permits they are getting. When they install this new low emissions replacement generation, they still get the remaining scheduled compensation payments. There is no way to see that other than as a windfall gain. Then there is the fact that the windfall gains test has been changed to apply to the last three of the 10 years assistance, rather than to the last two of what was previously five years assistance, and the test only applies to half of a generator’s allocation in this three-year period, not to the whole allocation.

That is an outrageous gift to the multinational corporations who are running coal-fired generators. The high level of assistance locks in coal-fired generation out to 2020 and is one of the most toxic parts of the government’s Carbon Pollution Reduction Scheme because it does not reduce carbon emissions. It locks them in out to 2034. The government’s own modelling shows these emissions do not fall until then. How outrageous is this? We should all be completely opposed to it.

The government still has not provided any figures on what that $7.3 billion becomes if the reduction turns into a 15 per cent reduction on 2000 or if it turns into a 25 per cent reduction. Just how much are we going to be forking out to companies to continue to pollute, when, for years, their share price has reflected the risk associated with a carbon price? These companies have known it was coming. This is rent seeking. This is a craven cave-in to coal-fired generators. There is no other way you could describe this. It is disgraceful public policy and a disgraceful transfer of wealth from the public purse. It ought to be opposed.

Senator ABETZ (Tasmania) (6.59 pm)—The opposition supports the government’s amendment. Let us rebut some of the nonsense we just heard from the Australian Greens. To say that the money that will be paid by way of compensation is to keep these power stations polluting suggests that they are in business to pollute. Of course, they will say that it does. They have all been threatening to turn off the lights if they do not get this compensation.

As well as that, they get even more than the $7.3 billion—a low emissions transition incentive. That is on top of the free permits they are getting. When they install this new low emissions replacement generation, they still get the remaining scheduled compensation payments. There is no way to see that other than as a windfall gain. Then there is the fact that the windfall gains test has been changed to apply to the last three of the 10 years assistance, rather than to the last two of what was previously five years assistance, and the test only applies to half of a generator’s allocation in this three-year period, not to the whole allocation.
have got to lock them in. To say that we are locking them into polluting is quite ridiculous. We are not locking them into polluting; we are locking them into continuing to generate power as we make the transition into an economy where there is less carbon pollution.

I also make this observation: much as my friend and colleague the Hon. Ian Macfarlane did a fantastic job in negotiating with the government in relation to this aspect, I have just got a funny feeling that part of the government’s decision on this was informed by the Morgan Stanley report, which we still have not seen. It has still not been released. I think the Australian people are entitled to know what that report says. We know that when it went to the Victorian government it caused great consternation, and rightly so. I have got a funny feeling that, whilst we negotiated well and hard to achieve an outcome, the government got mugged by the reality of the Morgan Stanley report, which indicated the consequences.

The Greens somehow want it—and this is always their approach on issues of this nature—to be all black or white with nothing in between. If you want to get out of coal generated electricity, you actually need a transition period. That is why you have got to ensure that the appropriate level of support is there to ensure that the power continues to be generated. To just say, ‘They are polluters and therefore we ought to flick the switch on them,’ is a great idea if you are ideologically driven but not such a great idea if you want the fridge to operate in your home or you still want the aluminium smelters, the food processors, or indeed the milking machines on the dairy farms to work. I am sure the Greens would volunteer to hand milk the cows all around the countryside, but I am not sure that would be a practical approach. I do ask for some sanity in this debate and some consideration of the fact that we do want a proper transition out of the carbon-dependent energy generating regime that we have in Australia to one that is less intensive. That is why I say to the government: well done on this amendment.

Much as we as the opposition would like to take credit for all of this amendment, I still have a slight suspicion that the government acceded to this amendment as a result of the Morgan Stanley report, which they have still not released, and I must say that is part and parcel of the coalition’s criticism of the government in relation to this. Last night, for example, we found out that their population figures were out by a mere 2 million people. We found that out after 12 months. They put down the figures for their projection out to 2050 and within 12 months they realised they only made a mistake of 2 million people—just a small little error along the way. One wonders what errors the Morgan Stanley report may have exposed, but undoubtedly we will not know until the cabinet papers are released after 30 years or so. Whatever the timetable, one of these days they might be released and some historian will get a great thrill from reading through the Senate Hansard of the last few days to see what people said about this Morgan Stanley report that the cabinet of the day was so anxious to hide from the Australian people. I have a funny feeling that the hunch I have expressed this evening as to what the Morgan Stanley report might indicate is right, but, just in case anybody is worried, take this tip: I will not be around in this place in 30 years time to find out.

Senator WONG (South Australia—Minister for Climate Change and Water) (6.05 pm)—Quite a lot was said by both Senator Milne and Senator Abetz with which I do not agree, but I am at the point in this debate where I will just say on the record that I do not agree and the government does not accept a whole range of things. I am
happy, as you know, to go through again why we do not agree. Senator Milne, for example, misconstrued again the low-emissions technology incentive, but I dealt with that last night or yesterday. Senator Abetz, as always, cannot help himself from using some hyperbole.

Senator Abetz—Just release the report, then I would not have to descend to hyperbole.

Senator WONG—The government has made clear that we are not releasing the Morgan Stanley analysis because it is of the highest commercial sensitivity. I would invite you to go to the department’s website. The advice from the secretary on this issue is there and you can consider it. I would have thought a responsible opposition, as opposed to one that is simply trying to make political points, would not continue to make those assertions in the knowledge that—

Senator Cash—Mr Rudd is the one who said he wants a transparent government.

Senator WONG—Senator Cash, is this rabid interjecting the brave new world of the Liberal Party? I do not want to get into this again, unless Senator Abetz really wants to use up more of the Senate’s time—we reached 40 hours of debate on this earlier today, including the second reading debate; I am not sure what we are up to now. After the senator’s questions about the Treasury figures, he might be interested to know I did get some advice on this. In relation to the net migration assumptions, I am advised that there was an increase in the second Intergenerational report. It was after the Treasury modelling—and I am just trying to recall if it was earlier this year; I think it was, but I can check that. The net migration that was assumed in the second Intergenerational report increased to 150,000 from 110,000. In the population projections in the third Intergenerational report there was a further increase in the assumption of net migration to 180,000. That was subsequent to the assumptions in the Treasury modelling, which was released in October last year; hence, the increase in population from 33 to 35 at 2050. Senator Abetz wants to make a big issue of this, but, again, I say this is obviously a question of when you hit that population figure. Finally, I also indicate that the advice I received from Treasury in response to this query is that the changes would not alter any of the conclusions in the report.

Senator ABETZ (Tasmania) (6.08 pm)—Given that the minister does not want to release the Morgan Stanley report, and I accept that, would the government be willing to release the final figure, not the individual figures per power station? It would be very difficult to disaggregate and identify particular generators. We would like the final figure so that this debate can be better informed. There would be no commercial-confidence considerations there. There would be no embarrassment to a particular power generator. It would provide great support to this debate so that a more informed decision could be made by this chamber.

Senator WONG (South Australia—Minister for Climate Change and Water) (6.09 pm)—I refer the senator to the advice I referred to earlier which is on the department’s website. It outlines the advice to government about the release of the report. I do not really think there is anything further I can add to that.

Question agreed to.

Senator MILNE (Tasmania) (6.10 pm)—by leave—The Greens do not intend to divide on this. We decided earlier in the day to divide on my amendment. I would like it noted in Hansard that it was only the Australian Greens who opposed this compensation amendment for coal fired generators.
Senator CORMANN (Western Australia) (6.10 pm)—by leave—I, and also on behalf of Senators Cash, Back, Eggleston and Adams, move amendments (1) to (4) on sheet 6025 in relation to the western electricity market:

(1) Page 216 (line 28), after “section 182”, insert “and 182A”.

(2) Heading to clause 182, page 225 (line 1), at the end of the heading, add “in the National Energy Market”.

(3) Clause 182, page 225 (line 4), after “asset”, insert “in the National Energy Market”.

(4) Page 227 (after line 11), at the end of Division 3, add:

**182A Annual assistance factor in the Western Electricity Market**

The annual assistance factor to be specified in a certificate of eligibility for coal-fired generation assistance in respect of a generation asset in the Western Electricity Market is the Authority’s reasonable estimate of the number worked out to 3 decimal places using the following formula:

Historical energy \( \times \) (Emissions intensity \( - 0.7 \))

where:

- **emissions intensity** has the meaning given by whichever of subsection (2), (3), (4) or (6) is applicable.
- **historical energy** means:
  (a) if the generation asset is a generation complex that entered service on or before 1 July 2004—the total number of gigawatt hours of electricity generated by the generation complex during the period beginning on 1 July 2004 and ending on 30 June 2007, as measured at all generator terminals of the generation complex; or
  (b) if the generation asset is a generation complex that entered service after 1 July 2004—21.024 multiplied by the number of megawatts in the nameplate rating of the generation complex as at the day the generation complex entered service; or
  (c) if the generation asset is a generation complex project—21.024 multiplied by the number of megawatts in the proposed nameplate rating of the proposed generation complex, worked out as at the start of 3 June 2007.

**Emissions intensity**

For the purposes of subsection (1), the **emissions intensity** of a generation complex that entered service on or before 1 July 2004 is the number worked out to 3 decimal places using the formula:

\[
\text{Carbon dioxide equivalence of emissions} = \frac{\text{Gigawatt hours of electricity generated}}{\text{Historical energy}} \times \text{Emissions intensity}
\]

where:

- **carbon dioxide equivalence of emissions** means the total number of kilotonnes of the carbon dioxide equivalence of the greenhouse gases emitted from the combustion of fuel in the generation complex for the purposes of the generation of electricity during the period beginning on 1 July 2004 and ending on 30 June 2007.
- **gigawatt hours of electricity generated** means the total number of gigawatt hours of electricity generated by the generation complex during the period beginning on 1 July 2004 and ending on 30 June 2007, as measured at all generator terminals of the generation complex.

(3) However, the **emissions intensity** of a generation complex that entered service on or before 1 July 2004 is taken to be 0.7 if the number worked out to three decimal places using the formula in subsection (2) is less than 0.7.

(4) For the purposes of subsection (1), the **emissions intensity** of a generation asset not covered by subsection (2) is the number that, in the opinion of the Authority, should be treated as the emissions intensity of the generation asset, having regard to the following matters:
(a) any documents relating to the design of the generation asset;
(b) any contracts for the supply of fuel for combustion in the generation asset for the purposes of the generation of electricity;
(c) if the generation asset is a generation complex that has entered service—the number worked out to 3 decimal places using the formula set out in subsection (5);
(d) the report mentioned in paragraph 178(1)(f);
(e) such other matters (if any) as the Authority considers relevant.

(5) The formula mentioned in paragraph (4)(c) is:

\[
\text{Carbon dioxide equivalence of emissions} = \frac{\text{Gigawatt hours of electricity generated}}{\text{carbon dioxide equivalence of emissions}}
\]

where:

- \(\text{carbon dioxide equivalence of emissions}\) means the total number of kilotonnes of the carbon dioxide equivalence of the greenhouse gases emitted from the combustion of fuel in the generation complex for the purposes of the generation of electricity during the period when the generation complex was in service.
- \(\text{gigawatt hours of electricity generated}\) means the number of gigawatt hours of electricity generated by the generation complex during the period when the generation complex was in service.

(6) However, the \(\text{emissions intensity}\) of a generation asset not covered by subsection (2) is taken to be 0.7 if the number worked out under subsection (4) is less than 0.7.

The background to these amendments is a result of the very eastern-states-centric approach in the Rudd government’s Carbon Pollution Reduction Scheme legislation. I place on record again that the five Western Australian senators moving these amendments have been consistent in our view that this legislation should not be finalised before Copenhagen; that we should be opposing it if it is put to a vote before Copenhagen. In the absence of an appropriately comprehensive global agreement, it will not help to reduce global greenhouse gas emissions and would put significant pressure on our economy for no environmental benefit.

Having said that, given the prospect that this legislation might get up, we were very concerned about some extreme unfairness for the state and the people of Western Australia enshrined in this legislation, because the Rudd Labor government has taken an eastern-state-centric approach in the design of this Carbon Pollution Reduction Scheme. Do not just take my word on that. When the Senate Select Committee on Fuel and Energy held a hearing in Perth in February 2008, the Carpenter Labor government pointed out to the committee that, in designing and modelling this scheme and in assessing the impact of this scheme, the Rudd government based its design on the national electricity market arrangements. Perhaps the Rudd Labor government, from its ivory towers in Canberra, thought that a national electricity market includes the great state of Western Australia. The reality is that it does not. Western Australia has its own electricity market: the western electricity market. Western Australia is an energy island and it has to be self-sufficient from an energy point of view. I happen to know that the Carpenter Labor government, through its Treasury officials, put a series of questions and issues to the Rudd Labor government without any effect. Treasury officials appeared twice before the fuel and energy committee and they made the point that all the issues raised in relation to this were ignored. If a state Labor government cannot get any feedback from the Rudd Labor government, what chance do the rest of us have?
Our overall concern is that electricity generators in Western Australia are being unfairly treated, that the financial viability of electricity generators in Western Australia is at risk and that, consequently, our energy security in Western Australia is at risk. The Rudd Labor government have been looking after energy suppliers in the eastern states of Australia, but they have completely ignored the specific circumstances in Western Australia. If this scheme were to go through, it would create serious issues for the viability of energy suppliers in Western Australia and, as such, the energy security for the people of Western Australia.

The first problem is that the assistance to WA generators under the Electricity Sector Adjustment Scheme in the CPRS legislation is absolutely negligible due to the brown coal bias of the much larger national electricity market. We have been advised by industry analysts that around 90 per cent of the assistance would go to brown coal generators in Victoria and South Australia and less than one per cent of the assistance would go to WA black coal generators. In the national electricity market brown coal generators are affected more, relative to black coal generators, as they have the highest relative emission intensities in that market. In the western electricity market, however, there are no brown coal generators. As such, black coal has the highest relative emission intensity.

Also, black coal generators in the western electricity market have struck long-term contracts over the past few years in order to compete with gas. This legislation does not recognise the WA scenario at all. The national electricity market is a spot market. There is a capacity effectively to pass on the carbon costs which are imposed under this legislation, which is a very different circumstance to that in Western Australia. In Western Australia there are long-term contracts in place, and the capacity to pass on those increased costs is limited.

I have already mentioned that the WA electricity market is an energy island. We will have to rely on black coal for our energy security for some time to come. Yes, there is obviously the intention to increase the use of gas—and, hopefully, through the increased use of renewables et cetera, we will be able to diversify further our energy mix; however, over the next five to 10 years we will continue to be gas constrained and will continue to have to rely on black coal. There is already, as a result of the legislation pending and in the context of what is likely to come down the road, less investment in more environmentally friendly black coal fired power stations. This is only going to get worse. In fact, in recent times some of the old, less environmentally friendly coal fired power technology has had to be brought back on stream. There is an expectation that that will have to continue into the future as a direct result of this legislation. So, rather than creating a more environmentally friendly outcome, the government is actually creating a more environmentally unfriendly outcome.

These amendments seek to address this inherent unfairness for electricity suppliers in Western Australia in the very eastern-state-centric, Rudd Labor government Carbon Pollution Reduction Scheme. We really do hope that the Senate will support these amendments. The circumstances in Western Australia are very different, based on the fact that we physically cannot be part of the national electricity market. We are concerned that when the government started putting together the design of this scheme they did not even understand that Western Australia was not part of the national electricity market. These are not my comments, Minister; they are the comments made by state Labor government officials before the Senate Select Committee on Fuel and Energy. They said to us that they
were extremely concerned that the Rudd Labor government did not even seem to understand that Western Australia was not part of the national electricity market when they put together the design of this scheme. We have gone through a green paper, a white paper, exposure drafts and all sorts of other processes, but these issues still have not been addressed.

These amendments are critically important to making this scheme, if it gets up—and we of course hope it does not—less unfair for the people of Western Australia and to ensuring our energy security in Western Australia moving forward, given that we are not part of the national electricity market.

Senator EGGLESTON (Western Australia) (6.19 pm)—I endorse Senator Cormann’s remarks and call attention to the fact that Treasury have not recognised that Western Australia is an energy island and the Western Australian electricity market is very different to that in the eastern states, which, for some strange reason, is called the national electricity market. They may not have noticed that Western Australia exists—except that when it comes to the payment of royalties and taxes from the mining industry they are very well aware in Treasury that we exist.

It seems very strange that the national electricity market is really the eastern states electricity market and that rules have been made pertaining to the eastern states electricity market which are totally inappropriate to Western Australia. The Western Australian electricity market is very different to that in the eastern states in that WA depends for its electricity generation largely on gas from the North West Shelf being carried to the south-west of the state in the Dampier to Bunbury pipeline. This will continue to be the case even if renewable energies replace coal in Western Australia.

Griffin point out that there is a historic price competition in Western Australia between gas and black coal in the western electricity market and that WA’s long-term energy security will be compromised by the current CPRS settings. In other words, the energy security of the south-west of Western Australia, where most of the population live and where there is a lot of industry, will be compromised unless this legislation is amended. Griffin further point out that the so-called national, or eastern states, electricity market is based on a competitive spot market into which all generators supply electricity, whereas the western electricity market is based on bilateral contracts. In the selling model, the price of electricity is locked in for the length of contracts, and there is no capacity in the western electricity market to pass through to consumers the increasing price of carbon, which generators will bear over 15 years from the time the scheme is introduced.

By contrast, in the eastern states, in the so-called national electricity market model, based as it is on competitive spot prices, the additional cost of carbon over 15 years will be passed through via the market clearing price. That means that Western Australian generators will not be able to pass through the price of carbon to their customers and they will be progressively disadvantaged as the price of carbon rises. Western Australia, according to Griffin, asks that the western electricity market have a separate ESAS formula with an emission intensity cut-off limit at 0.75tCO2. This is not a request which I think can be ignored or denied. Western Australia does depend on gas. This is a very serious and very genuine anomaly which needs to be corrected, and Griffin has put up some proposed amendments which have now been put to the Senate by the Western Australian senators, and I would strongly urge the government to, in the inter-
ests of fairness and understanding of the fact that Western Australia is actually part of the Commonwealth of Australia, agree to these amendments so that there can be a rational and reasonable approach to electricity marketing in Western Australia. I suppose one might even wonder if, had we had more time, for example, and waited until after the Copenhagen conference, it might have been recognised that these anomalies occur. I do hope that the minister will correct this anomaly, and I would ask her if she would do so and commit the government to doing so.

Senator WONG (South Australia—Minister for Climate Change and Water) (6.24 pm)—I was pausing because Senator Back tried previously to make a contribution, and I did not know if he wanted to make it on these amendments now.

Senator Back—Thank you for the opportunity, but time is short.

Senator WONG—The government is not supportive of these amendments. The government is aware of this proposition. In fact, the government modelled a pass-through for Western Australia and the effect of a carbon price on Western Australia for the white paper. If you look at the modelling results in the white paper, you will see that the level of cost pass-through modelled in WA is not very different from that modelled for South Australia. So I think that the proposition put by Senator Eggleston needs to be understood in that light. We are aware of the circumstances of Western Australia. What is being put forward by some of the senators over there is that essentially generators in Western Australia get special treatment.

Senator Cormann—Fair recognition of a different circumstance.

Senator WONG—It is special treatment. It is saying—

Senator Cormann—Fair recognition—

Senator WONG—Hang on, Senator Cormann. If you could just desist from interjecting. Let me finish the sentence. If you want to get up and argue it, you can. It is special treatment. It is a different basis for allocating assistance.

Senator Cormann—Special circumstance.

Senator WONG—Senator, what is your problem? Why is it that you cannot be quiet while I am speaking?

Senator Cormann—It is a constructively intended interjection.

Senator WONG—I do not interject like this.

The CHAIRMAN—Order, Minister. I would ask those on my left to refrain from interjecting while the minister is answering the question.

Senator WONG—It is special treatment. You may say that it is reasonable special treatment. If you would let me finish—

Senator Cormann interjecting—

Senator WONG—You are doing it again. It is just discourteous, Senator Cormann.

The CHAIRMAN—Order, Senator Wong. Just continue and ignore the interjections.

Senator WONG—If I could, but it seems that there is just an endless stream from Senator Cormann, who is one of the more rabid ones on that side. Have you finished, Senator? Would you like me to sit down so you can speak?

The CHAIRMAN—Senator Wong, address the chair.

Senator WONG—I am addressing you, Sir. I sat and did not interrupt Senator Cormann for his contribution. I ask that he extend some courtesy to me.

What is being sought by these amendments is special treatment. Senator Cormann
and others may argue that that special treatment is justified—which is what I was trying to say. That is a question of policy judgment. We do not think it is reasonable to say that we should provide assistance on a different basis to one state from another, particularly where some of the modelling results are so similar. As I said, the level of cost pass-through modelled for Western Australia is not dissimilar to that modelled for South Australia. Let us understand what is being proposed. I am sure that the senators know that unless we increase the amount of compensation or assistance under the Electricity Sector Adjustment Scheme, what has actually been proposed is that a greater proportion goes to Western Australia, therefore a lesser proportion to Victoria, to Queensland and to New South Wales. I do not know if the opposition’s policy is in fact for a greater pie or whether they have got a position that says, ‘We want less to go to Queensland, New South Wales and Victoria.’ We have sought not to discriminate. What we have said is that we will target the assistance regardless of where these different coal fired power stations are in Australia. We will target assistance to the most emissions-intensive generators.

I have had the same proposition put to me by a number of states, saying, ‘This will assist—for example, and I apologise to Senator Kroger—Victoria, but it will it will not help us, because we use a lot of black coal.’ I have run the same policy argument. You cannot design a policy for assistance and transitional assistance, and it is very substantial transitional assistance, on the basis of trying to favour one state or another. It is much better to have a simple, clear policy proposition, and that is how the government is approaching it.

Senator EGGLESTON (Western Australia) (6.28 pm)—This is not asking for one state to be favoured over another; it is asking for a recognition in differences, a genuine difference which exists in the way electricity is generated in Western Australia. This is a uniquely West Australian issue. We are not asking for anything unreasonable; we are asking for reasonable recognition of the fact that electricity is largely generated from gas in Western Australia, unlike the eastern states, which grandly call themselves the national electricity market model, and it is a perfectly rational and reasonable request that we are making. I think that we in Western Australia sometimes get a little bit tired of the fact that the Treasury and federal government departments do not recognise differences between our state—which is, after all, a third of this continent—and the eastern states.

Senator WONG—I’m from Adelaide. Don’t call me ‘eastern states’.

Senator EGGLESTON—We were very reluctant to join—

The CHAIRMAN—Order! It being 6.30 pm, the sitting of the committee is suspended until 7.30 pm.

Sitting suspended from 6.30 pm to 7.30 pm

The TEMPORARY CHAIRMAN (Senator Forshaw)—Order! The question is that amendments (1) to (4) on sheet 6025 moved by Senator Cormann and also on behalf of Senators Cash, Back, Eggleston and Adams be agreed to.

Question negatived.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.31 pm)—by leave—I move government amendments (25) to (28) on sheet BE242 together:

(25) Clause 198, page 256 (line 3), before “A person”, insert “(1)”.

(26) Clause 198, page 256 (after line 4), at the end of the clause add:
(2) A person is not entitled to make an application before 1 July 2010.

(27) Clause 205, page 262 (line 4), before “A person”, insert “(1)”. 

(28) Clause 205, page 262 (after line 5), at the end of the clause, add:

(2) A person is not entitled to make an application before 1 July 2010.

These are technical amendments providing that reforestation applications may not be made until 1 July 2010. These are required due to the delays in the passage of the bill, and therefore regulations on this issue are unlikely to be made until mid-May 2010.

Senator MILNE (Tasmania) (7.32 pm)—
The Greens do not support the reforestation amendments in relation to the bill and therefore these technical amendments associated with it.

Question agreed to.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.33 pm)—by leave—I move government amendments (3) to (5) and (29), (30) and (33) on sheet BE242 together:

(3) Clause 5, page 10 (after line 18), after the definition of Crown land, insert:

Crown lands Minister:

(a) in relation to a State—means the Minister of the State who, under the regulations, is taken to be the Crown lands Minister of the State; or

(b) in relation to a Territory—means the Minister of the Territory who, under the regulations, is taken to be the Crown lands Minister of the Territory.

(4) Clause 5, page 23 (lines 3 to 8), omit the definition of principal State Minister.

(5) Clause 5, page 23 (lines 9 to 14), omit the definition of principal Territory Minister.

(29) Clause 209, page 264 (lines 22 and 23), omit “principal State Minister of the State, or the principal Territory Minister of the Territory, as the case requires,”; substitute “Crown lands Minister of the State or Territory”.

(30) Clause 212, page 269 (lines 4 and 5), omit “principal State Minister of the State, or the principal Territory Minister of the Territory, as the case requires,”; substitute “Crown lands Minister of the State or Territory”.

(33) Clause 241B, page 326 (lines 9 to 11), omit “Minister of the State or Territory who, under the regulations, is taken to be the Crown lands Minister of the State or Territory”, substitute “Crown lands Minister of the State or Territory”.

These are, again, technical amendments to ensure that the bill refers consistently to Crown lands ministers for the purposes of the reforestation provisions. At present, some provisions refer to Crown lands ministers and some refer to principle ministers.

Question agreed to.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.34 pm)—I move government amendment (35) on sheet BE242:

(35) Clause 278, page 360 (lines 21 to 32), omit the clause, substitute:

277A Publication of concise description of the characteristics of Australian emissions units

The Authority must:

(a) before 31 December 2010, publish on its website a statement setting out a concise description of the characteristics of Australian emissions units; and

(b) keep that statement up-to-date.

278 Publication of concise description of the characteristics of eligible international emissions units

Kyoto units

(1) The Authority must:

(a) within 30 days after the commencement of this section, publish on its website a statement setting out a concise description of the charac-
teristics of each of the following types of eligible international emissions units:

(i) certified emission reductions (other than a temporary certified emission reduction or a long-term certified emission reduction);

(ii) emission reduction units;

(iii) removal units; and

(b) keep that statement up-to-date.

(2) The Authority must:

(a) within 30 days after the commencement of regulations made for the purposes of paragraph (d) of the definition of eligible international emissions unit in section 5, publish on its website a statement setting out a concise description of the characteristics of units prescribed by those regulations; and

(b) keep that statement up-to-date.

Non-Kyoto units

(3) The Authority must:

(a) within 30 days after the commencement of regulations made for the purposes of paragraph (a) of the definition of non-Kyoto international emissions unit in section 5, publish on its website a statement setting out a concise description of the characteristics of units prescribed by those regulations; and

(b) keep that statement up-to-date.

(4) The Authority must:

(a) within 30 days after the commencement of regulations made for the purposes of paragraph (b) of the definition of non-Kyoto international emissions unit in section 5, publish on its website a statement setting out a concise description of the characteristics of units prescribed by those regulations; and

(b) keep that statement up-to-date.

This amendment clarifies the timing of the authority’s power to publish statements describing the characteristics of eligible emissions units. They set out when the authority is empowered to publish statements setting out the characteristics of AEUs—Australian emissions units—and eligible international emissions units. This will enable people selling those emissions units to rely on the authority statement in place of a product disclosure statement from the commencement of the legislation.

Question agreed to.

Senator MILNE (Tasmania) (7.36 pm)—by leave—I move Australian Greens amendments (59) and (60) on sheet 5786 together:

(59) Clause 353, page 439 (lines 22 and 23), omit “before the end of 30 June 2014”, substitute “by the end of 2 years after the day on which this Act receives the Royal Assent”.

(60) Clause 353, page 439 (lines 24 to 28), omit subclause (3), substitute:

(3) Each subsequent review must be completed within:

(a) 2 years after the last day on which a copy of a statement setting out the Commonwealth Government’s response to the recommendations of the previous review was tabled in a House of the Parliament under paragraph 354(6)(b); or

(b) 6 months of any significant changes or developments in relevant international treaty or relevant scientific knowledge.

These amendments refer to the review period for the scheme as a whole. What we seek to do is substitute the government’s five-year review with a two-year review. Also, amendment (60) says that there can be a review within six months of any significant changes to or developments in relevant international treaty or relevant scientific knowledge. In other words, what these amendments provide for is a review of the scheme every two years, not every five
years. They also provide for a review after a period of six months if there has been a significant change to or the ratification or signing of a relevant international treaty or if relevant scientific knowledge comes to hand. This provides for the flexibility to enable the scheme to be changed to accommodate changing circumstances. A provision for a minister to change the scheme to take into account new scientific knowledge is part of the British legislation, and it makes eminent sense that ministers be enabled to change the scheme quickly if new information comes to hand of a scientific nature or in relation to a new treaty. That is basically the intent of the two amendments and the effect they would have if passed.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.38 pm)—The government is not supporting these amendments. They would require subsequent reviews to be carried out every two years or within six months of any significant changes or developments in relevant international scientific knowledge. We do oppose the amendments. We believe five-yearly reviews strikes a balance between the need for certainty and the need to regularly assess ways in which the CPRS can be improved. Having said that, I would flag that the government in, I think, the next set of amendments we will move has picked up some of these issues which will enable reviews post any new multilateral international agreement.

Question negatived.

Senator MILNE (Tasmania) (7.40 pm)—I would like it placed on the record that only the Australian Greens supported those amendments. The amendments were opposed by the coalition and the government.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.40 pm)—by leave—I move government amendments (36) and (38) on sheet BE242 together:

(36) Heading to clause 355, page 442 (line 3), at the end of the heading, add “—matters specified by Minister”.

(37) Page 442 (after line 22), after clause 355, insert:

355A Special review of carbon pollution reduction scheme to be conducted by an expert advisory committee

Scope

(1) This section applies if:

(a) after the commencement of this section, a new multilateral international agreement is signed on behalf of Australia; and

(b) the agreement relates to climate change; and

(c) either:

(i) the agreement imposes obligations on Australia to take action to reduce greenhouse gas emissions; or

(ii) the agreement is specified in an instrument made by the Minister for the purposes of this subparagraph.

Special review of carbon pollution reduction scheme

(2) As soon as practicable after the agreement is so signed, an expert advisory committee is to conduct a review of the implications of the agreement for the carbon pollution reduction scheme.

Note: Expert advisory committees are established under section 357.

Consultation

(3) In conducting a review, an expert advisory committee must make provision for public consultation.

Relevant matters

(4) In conducting a review, an expert advisory committee must have regard to:

(a) any policies of the Commonwealth Government notified to the expert
advisory committee by the Minister; and

(b) such other matters as the expert advisory committee considers relevant.

(38) Clause 356, page 442 (line 25), after “section 355”, insert “or 355A”.

Some parts of these amendments relate to the agreement with the opposition, but I would also note that one of the issues is not in the review because it is a ministerial direction. I would like to place on Hansard that it is the government’s commitment that we would direct the independent expert advisory committee to take into account the findings of working group 3 of the IPCC when considering appropriate caps and gateways in the first statutory review in 2014. In addition, this review that is proposed in amendments (36) to (38) enables a special review by the expert advisory committee after a new multilateral international agreement is signed on behalf of Australia and enables the expert advisory committee to conduct a review of the implications of that agreement for the CPRS. It requires that the expert advisory committee make provision for public consultation and have regard to relevant government policies and other matters it considers appropriate.

Senator XENOPHON (South Australia) (7.42 pm)—In relation to the review, do the projections that the minister has referred to include projections about future changes in the Australian dollar? If so, what do these projections show about the reliability of forward estimates and savings due to the Australian dollar’s appreciation against the US dollar in 2010?

Senator WONG (South Australia—Minister for Climate Change and Water) (7.43 pm)—I think the best thing to do is to write to the minister. For the future, I take the point that it is peripheral in terms of the matters I have raised.

Senator XENOPHON (South Australia) (7.43 pm)—I think the best thing to do is to write to the minister. For the future, I take the point that it is peripheral in terms of the matters I have raised.

Senator WONG (South Australia—Minister for Climate Change and Water) (7.43 pm)—Senator Xenophon, you have been one of the people who have been very judicious in your use of your Senate time over the past whatever number of hours we are up to now, so I do not want to cut you off. I was just clarifying because I wondered if you were speaking to a different amendment. But if you have a question, I am happy to take it.

Senator XENOPHON (South Australia) (7.44 pm)—Can I make it clear that I am speaking to the same amendments, but I take the minister’s point that the matters raised are matters best raised after the committee is established and, the amendments, as I understand it, allow for contextual factors. In terms of any international agreements, I see the thrust of the amendments and what the focus will be, and I do take the point that it is peripheral in the context of these particular amendments.

Question agreed to.

Senator NASH (New South Wales) (7.45 pm)—I move Nationals amendment (2) on sheet 6023:

(2) Page 451 (after line 23), at the end of Part 25, add:

**Division 5—Auditor-General’s report**

373A Additional function and report of the Auditor-General

(1) The following is an additional function of the Auditor-General:

Assessing the adequacy, reliability and comprehensiveness of Australian Government statistical and analytical reporting on the economic and environ-
mental costs and benefits of the CPRS, including but not limited to:

(a) direct outlays;
(b) indirect outlays (tax expenditures);
(c) agency reports (by agencies including, but not limited to, the Australian Taxation Office, the Australian Bureau of Agricultural and Resource Economics and the Australian Bureau of Statistics);
(d) the intergenerational report; and
(e) Council of Australian Governments reports.

(2) That within 4 years of Royal Assent, or by 2014, whichever is the earlier, the Auditor General present a report to each House of the Parliament assessing the matters specified in subsection (1).

Senator Wong (South Australia—Minister for Climate Change and Water) (7.45 pm)—The government opposes this amendment. The Auditor-General, I am advised, already has wide-ranging powers to enable a whole range of audits, including of the CPRS and of the operations of the regulatory authority. In addition, part 25 of the bill requires five-yearly reviews of the whole scheme. Subclause 353(1) requires an independent expert advisory committee to review the efficiency and effectiveness of the CPRS, including in such matters as the administrative costs incurred by liable entities in complying with the scheme. The government considers that there is a very robust framework for reviewing and auditing the scheme and its performance without the amendment proposed by Senator Nash.

Senator Nash (New South Wales) (7.46 pm)—Obviously, the Nationals feel that this is an appropriate amendment to move. It certainly has some significant benefits, as we see it; therefore, we have moved the amendment accordingly.

Question negatived.

Senator Wong (South Australia—Minister for Climate Change and Water) (7.47 pm)—I move government amendment (39) on sheet BE242:

(39) Page 453 (after line 11), after clause 374A, insert:

374B Authority’s power to require further information

Applications

(1) If:

(a) a person makes an application to the Authority under this Act; and
(b) the Authority exercises a power, under another provision of this Act, to require the applicant to give the Authority further information in connection with the application;

the Authority:

(c) must ensure that the further information is relevant to the matter to which the application relates; and
(d) must ensure that the power is exercised in a reasonable way.

Requests

(2) If:

(a) a person makes a request to the Authority under this Act; and
(b) the Authority exercises a power, under another provision of this Act, to require the person to give the Authority further information in connection with the request;

the Authority:

(c) must ensure that the further information is relevant to the matter to which the request relates; and
(d) must ensure that the power is exercised in a reasonable way.

This amendment arises out of concerns which I believe were raised by Senator Brandis about provisions in the bill which enable the authority to request further information in respect of applications. In order to ensure that this power is not abused, the bill
is amended to require the authority to request only relevant information and to exercise its powers to seek information in a reasonable way.

Question agreed to.

Bill, as amended, agreed to.

Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 [No. 2]

Bill—by leave—taken as a whole.

The TEMPORARY CHAIRMAN (Senator Forshaw)—We will now move to Australian Greens amendments (1) and (3) to (10) on sheet 5862.

Senator Abetz—I am not sure that the running sheet on this bill has been circulated. Whilst Senator Milne is addressing us, if that sheet could be circulated I would be much obliged.

The TEMPORARY CHAIRMAN—Senator, I cannot advise whether it has or has not been circulated; however, I have one.

Senator Wong—I have one.

The TEMPORARY CHAIRMAN—Order! I have one and the minister has one. The attendants will circulate the running sheet.

Senator Wong—I have a running sheet dated 25 November.

The TEMPORARY CHAIRMAN—No.

Senator Wong—I may not have one then.

The TEMPORARY CHAIRMAN—I have a running sheet in front of me dated 1 December 2009 at 10.26 am revised. I understand that it is now being circulated. I have an indication from Senator Nash that she has the sheet. Are we all ready to proceed?

Senator Milne—The sheet that I am working from is 1 December 2009 at 10.26 am revised. I understand that has been withdrawn and that we have gone back to the sheet of 25 November. I do not have the earlier one because I threw it out in favour of the revised sheet. Either way, the first amendment on the sheet is the Australian Greens amendment. It is exactly the same so I shall proceed with the amendment, if everybody is happy with that.

The TEMPORARY CHAIRMAN—Order! Senator Milne, we need to clarify this because the sheet that I was provided with was dated 1 December. I now understand that has been withdrawn.

Senator Wong—Chair, I am not quite sure what has happened in the chamber in terms of the running sheet. I now have one dated 1 December 2009 at 5.59 pm. Does Senator Abetz have the same one?

Senator Abetz—I think I do.

Senator Wong—I think we are now all working off the same running sheet.

The TEMPORARY CHAIRMAN—I am sorry, Minister, we are not. The running sheet that I have just been provided with, which I understand was being circulated, is dated 25 November 2009 and it has ‘No. 2’ on it. There was an indication a moment ago that the previous sheet we were working off had been withdrawn. I am now advised that we will work through the sheet dated 25 November 2009 at 7.26 pm. I am not sure that there is any substantial difference between the two sheets but I think it is important that everybody has the same sheet in front of them, including me. The first set of amendments on sheet 5862 is Australian Greens amendments (1) and (3) to (10).

Senator MILNE (Tasmania) (7.58 pm)—by leave—I move Australian Greens amendments (1) and (3) to (10) on sheet 5862:

(1) Clause 2, page 2 (after table item 7), insert:
7A. Schedule 1, 1 July 2012. 1 July 2012
Part 2A

(3) Schedule 1, page 56 (after line 3), after item 183, insert:
183A Subsection 24(1A)
Omit "This subsection is subject to subsection 25(3).".

(4) Schedule 1, page 56 (after line 3), after item 183, insert:

183B After subsection 24(1A)
Insert:

(1AAA) In addition to publishing the totals for the corporation’s group, the Authority must also publish on the website, in the case of a facility under the operational control of a member of the group and the individual operation of which meets a threshold mentioned in paragraph 13(1)(d) for a financial year:
(a) the greenhouse gas emissions that are scope 1 emissions; and
(b) the greenhouse gas emissions that are scope 2 emissions; and
(c) the energy consumption; reported in relation to the facility under Part 3 or 3D.

(1AAB) In addition to publishing the matters mentioned in subsection (1AAA), the Authority may also publish on the website:
(a) the methods mentioned in paragraph 19(6)(b) or 22E(2)(b) that were used to measure the values for the facility concerned; and
(b) the rating given to each of those methods under the determination under subsection 10(3).

(5) Schedule 1, page 56 (after line 22), after item 184, insert:

184A Subsection 24(1B)
Repeal the subsection, substitute:

Limitations

(1B) The Authority must not publish information mentioned in:
(a) subsection (1)—unless the corporation’s group meets a threshold mentioned in paragraph 13(1)(a) for the financial year covered by the report; or
(b) subsection (1AAA)—unless the facility meets a threshold mentioned in paragraph 13(1)(d) for the financial year covered by the report.

(6) Schedule 1, page 56 (after line 22), after item 184, insert:

184B Subsection 24(1C)
Repeal the subsection.

(7) Schedule 1, page 56 (after line 22), after item 184, insert:

184C Subsection 24(2)
Omit "This subsection is subject to subsection 25(3).".

(8) Schedule 1, page 56 (after line 22), after item 184, insert:

184D Subsection 24(3)
Omit "This subsection is subject to subsection 25(3).".

(9) Schedule 1, items 186 and 187, page 56 (lines 26 to 30), omit the items, substitute:

186 Section 25
Repeal the section.

(10) Schedule 1, page 73 (after line 15), after Part 2, insert:

Part 2A—Amendment relating to facility reporting threshold

National Greenhouse and Energy Reporting Act 2007

226A Subparagraph 13(1)(d)(i)
Omit “25 kilotonnes”, substitute “10 kilotonnes”.

226B Application
To avoid doubt, the amendment of subparagraph 13(1)(d)(i) of the National Greenhouse and Energy Reporting Act 2007 made by this Part applies in relation to a threshold for:
(a) the financial year beginning on 1 July 2012; or
(b) a later financial year.

I remind the Senate that these amendments refer to the National Greenhouse and Energy Reporting Act 2007. They basically say at
what threshold a facility should report. The government’s bill has set 25 kilotonnes of carbon dioxide as the limit or the threshold beyond which a facility should report. The Australian Greens believe that we need a more stringent threshold, and so we have moved for a 10-kilotonne threshold. That is the significant change there.

The other aspect of this is publishing the information at the facility level. The government and the Greens have canvassed this on many occasions. The Greens believe that the reporting should be at the facility level and not the whole-of-company level so that the community can have a clear sense of what a facility is emitting. The information should be made public and readily available in a more transparent way. That is what these amendments go to.

Senator Wong (South Australia—Minister for Climate Change and Water) (8.00 pm)—The effect of the Greens amendments, as I understand them, is to essentially require more people to report. They reduce the reporting threshold from 25,000 to 10,000 tonnes, require ACCRA to publish facility level data and remove the right of industry to object to release of data on a commercial confidentiality ground. That last one in particular is not a particularly sensible amendment. If things are commercial in confidence, to simply remove it as grounds seems somewhat odd. When assessing how a regulation operates you obviously need to balance the social or economic benefit against the regulatory cost.

What is being proposed by the Greens adds significantly to compliance costs and, the government would suggest, without a corresponding benefit. I am advised that data from the RIS, the regulation impact statement, for the National Greenhouse and Energy Reporting Act indicated that a reduction in the threshold as is proposed—I interpolate, from 25,000 to 10,000 tonnes—would potentially increase the number of liable entities up to threefold, whilst reducing carbon emissions by only 1.4 percentage points or less. That is a very significant increase in compliance requirements and, you would have to say, for a small increase in benefit in terms of carbon emissions. The government is also of the view that facility-level data may be commercially sensitive. We do not support the amendments proposed.

Senator Milne (Tasmania) (8.02 pm)—Clearly we have a difference of opinion about the level of reporting. As to the information that is being published, there are a lot of corporations that hide behind commercial-in-confidence, as we all know. There will be certain corporations that would argue that publishing at the facility level provides commercial-in-confidence information. We would argue that the community has a right to know specifically about individual facilities. But I recognise that is a difference of opinion we have with the government and it is not going to be resolved.

Senator Wong (South Australia—Minister for Climate Change and Water) (8.03 pm)—My advice is that the commercial-in-confidence proposition by a company is not simply a subjective proposition. That argument would have to be put to the regulator, who would have to accept it. So there is a mechanism there to guard against that particular proposition or excuse, for want of a better word, being misused. But to simply, by legislation, remove that as an argument at all is not in the public interest.

Question negatived.

Senator Milne (Tasmania) (8.04 pm)—by leave—I note on the record that both the coalition and the government opposed those amendments.

The Temporary Chairman (Senator Forshaw)—Thank you, Senator
Milne. We now move to your next amendment.

Senator MILNE—I move Australian Greens amendment (2) on sheet 5862:

(2) Schedule 1, page 5 (after line 11), after item 5, insert:

5A Section 9 (after paragraph (ma) of the definition of managed investment scheme)

Insert:

(mb) a scheme that relates to forestry operations of any kind;

This amendment relates to the exclusion of forestry operations from managed investment schemes. This has had a long gestation in this parliament. I do not intend to speak to it at length, except to say that the Australian Greens do not believe that the government ought to be proceeding with forestry operations as part of managed investment schemes. That has been a living disaster. Its oversight has been completely inadequate. We are now seeing the mess that has been created by providing a 100 per cent tax deduction up front for these forestry managed investment schemes. You only have to see the wash-up of the collapse of Great Southern and the other schemes to see how badly served we have been by this mechanism and how badly served rural Australia has been by this mechanism. So we are moving to exclude forestry operations from managed investment schemes. That is the effect of this amendment.

Senator XENOPHON (South Australia) (8.05 pm)—I agree with this amendment. It has had a long gestation and this is an issue that has to be grappled with. I am not confident that it will get the numbers, but it is important to put on the record that this is an admirable amendment in the context of what needs to be done with MISs.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.06 pm)—The government is not supportive of this amendment. If there are issues in relation to MISs, managed investment schemes, they should be dealt with in that context. We do not think this is a sensible amendment in the context of this legislation. It could have a significant negative impact on the plantation forest industry.

Senator CORMANN (Western Australia) (8.06 pm)—The coalition agrees with the government.

Question negatived.

Senator MILNE (Tasmania) (8.06 pm)—by leave—I would like to put on the record that the coalition—that is, the Liberal Party and the National Party—and the government just opposed the Australian Greens amendment and it was supported by Senator Xenophon.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.07 pm)—by leave—I move government amendments (1) to (7) on AL232 together:

(1) Schedule 1, item 57, page 10 (lines 19 and 20), omit the item, substitute:

57 Paragraph 55(2)(d)

Omit “Greenhouse and Energy Data Officer”, substitute “Authority”.

57A Subsection 55(3)

Omit “Greenhouse Energy and Data Officer”, substitute “Authority”.

(2) Schedule 1, page 13 (after line 21), after item 77, insert:

77A Paragraph 47(f)

Omit “signed”, substitute “made”.

(3) Schedule 1, page 14 (after line 8), after item 82, insert:

82A Section 158

Repeal the section.

82B Paragraph 159(1)(b)

Omit “the Regulator”, substitute “an official of the Authority”.

CHAMBER
82C Subsection 159(2)
Omit “the Regulator” (first occurring), substitute “an official of the Authority”.

82D Subsection 159(2)
Omit “the Regulator” (second occurring), substitute “the Authority”.

82E Subsections 159(3) and (4)
Omit “the Regulator”, substitute “an official of the Authority”.

(4) Schedule 1, item 83, page 14 (line 12), omit “and 132”, substitute “, 132 and 159”

(5) Schedule 1, page 18 (after line 17), after item 93, insert:

93A Transitional—documents signed by the Renewable Energy Regulator

(1) Despite the repeal of section 158 of the Renewable Energy (Electricity) Act 2000 by this Part, that section continues to apply, in relation to a person who held the office of the Renewable Energy Regulator at any time before the commencement of this item, as if that repeal had not happened.

(2) Despite the amendments of section 159 of the Renewable Energy (Electricity) Act 2000 made by this Part, that section continues to apply, in relation to documents or certificates signed by the Renewable Energy Regulator before the commencement of this item, as if those amendments had not been made.

(6) Schedule 1, page 18 (after line 31), after item 94, insert:

94A Transitional—employees of the Australian Climate Change Regulatory Authority

Transferring employees

(1) For the purposes of this item, a person is a transferring employee if:

(a) the person was an APS employee in:
   (i) the Department; or
   (ii) the Office of the Renewable Energy Regulator;

immediately before the transition time; and

(b) the person is covered by a determination that:
   (i) is made under section 72 of the Public Service Act 1999; and
   (ii) causes the person, at the transition time, to become an APS employee in the Australian Climate Change Regulatory Authority.

(2) If:

(a) a person is a transferring employee (other than an SES employee); and

(b) immediately before the transition time, the person’s employment in the Department or the Office of the Renewable Energy Regulator, as the case may be, was covered by a designated agreement;

then:

(c) the designated agreement (as in force immediately before the transition time) covers the Commonwealth and the transferring employee in relation to Authority work; and

(d) while the designated agreement covers the Commonwealth and the transferring employee in relation to Authority work, no other enterprise agreement, modern award or award-based transitional instrument covers the transferring employee in relation to Authority work; and

(e) the designated agreement has effect after the transition time, in relation to the transferring employee’s Authority work, as if it had been made with the Chair of the Australian Climate Change Regulatory Authority on behalf of the Commonwealth; and

(f) if the transferring employee becomes an SES employee after the transition time—paragraphs (c), (d) and (e) cease to apply in relation to the transferring employee; and
(g) if an enterprise agreement is made after the transition time by the Chair of the Australian Climate Change Regulatory Authority on behalf the Commonwealth—paragraphs (c), (d) and (e) cease to apply in relation to the transferring employee when the enterprise agreement commences.

(3) If:
(a) a person is a transferring employee; and
(b) immediately before the transition time, the person’s employment in the Department or the Office of the Renewable Energy Regulator, as the case may be, was covered by an AWA or pre-reform AWA;

the AWA or pre-reform AWA, as the case requires, has effect after the transition time, in relation to the transferring employee’s Authority work, as if it had been made with the Chair of the Australian Climate Change Regulatory Authority on behalf of the Commonwealth.

(4) If:
(a) a person is a transferring employee (other than an SES employee); and
(b) immediately before the transition time, the person’s employment in the Department or the Office of the Renewable Energy Regulator, as the case may be, was covered by an AWA or pre-reform AWA; and
(c) at a time (the cessation time) during the period:
(i) beginning at the transition time; and
(ii) ending immediately before the commencement of an enterprise agreement made after the transition time by the Chair of the Climate Change Regulatory Authority on behalf of the Commonwealth;

the AWA or pre-reform AWA ceases to cover the person’s employment; and

(d) a designated agreement covers the Commonwealth because of subitem (2); and

(e) the designated agreement was made before the transition time by the Secretary of the Department on behalf the Commonwealth;

then:

(f) the designated agreement (as in force immediately before the transition time) covers the Commonwealth and the transferring employee in relation to Authority work; and

(g) while the designated agreement covers the Commonwealth and the transferring employee in relation to Authority work, no other enterprise agreement, modern award or award-based transitional instrument covers the transferring employee in relation to Authority work; and

(h) the designated agreement has effect after the cessation time, in relation to the transferring employee’s Authority work, as if it had been made with the Chair of the Australian Climate Change Regulatory Authority on behalf of the Commonwealth; and

(i) if the transferring employee becomes an SES employee after the cessation time—paragraphs (f), (g) and (h) cease to apply in relation to the transferring employee; and

(j) if an enterprise agreement is made after the transition time by the Chair of the Australian Climate Change Regulatory Authority on behalf the Commonwealth—paragraphs (f), (g) and (h) cease to apply in relation to the transferring employee when the enterprise agreement commences.
New employees

(5) For the purposes of this item, a person is a new employee if:

(a) the person is an APS employee (other than an SES employee) in the Australian Climate Change Regulatory Authority; and

(b) the person is not a transferring employee.

(6) If:

(a) a designated agreement covers the Commonwealth because of subitem (2); and

(b) the designated agreement was made before the transition time by the Secretary of the Department on behalf the Commonwealth; and

(c) after the transition time, a person becomes a new employee;

then:

(d) the designated agreement (as in force immediately before the transition time) covers the Commonwealth and the new employee in relation to Authority work; and

(e) while the designated agreement covers the Commonwealth and the new employee in relation to Authority work, no other enterprise agreement, modern award or award-based transitional instrument covers the new employee in relation to Authority work; and

(f) the designated agreement has effect after the transition time, in relation to the new employee’s Authority work, as if it had been made with the Chair of the Australian Climate Change Regulatory Authority on behalf of the Commonwealth; and

(g) if the new employee becomes an SES employee after the cessation time—paragraphs (d), (e) and (f) cease to apply in relation to the new employee; and

(h) if an enterprise agreement is made after the transition time by the Chair of the Australian Climate Change Regulatory Authority on behalf the Commonwealth—paragraphs (d), (e) and (f) cease to apply in relation to the new employee when the enterprise agreement commences.

Separate agreements

(7) If:

(a) under any or all of subitems (2), (4) and (6), a designated agreement covers the Commonwealth and one or more employees in relation to Authority work; and

(b) the designated agreement was made before the transition time by the Secretary of the Department on behalf the Commonwealth;

the Fair Work Act 2009 and the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 have effect after the transition time as if the following were separate agreements:

(c) the designated agreement, in so far as it has the coverage mentioned in paragraph (a);

(d) the designated agreement, in so far as it does not have the coverage mentioned in paragraph (a).

Section 58 of the Fair Work Act 2009

(8) Paragraphs (2)(g), (4)(j) and (6)(h) have effect subject to section 58 of the Fair Work Act 2009.

Definitions

(9) In this item:

Authority work, in relation to an employee, means work performed after the transition time by the employee in the Australian Climate Change Regulatory Authority.
AWA has the same meaning as in Schedule 7A to the Workplace Relations Act 1996 as in force immediately before the commencement of Schedule 1 to the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009.

award-based transitional instrument has the same meaning as in Schedule 2 to the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009.

designated agreement means:
(a) the Department of Climate Change Collective Agreement 2009-2011; or
(b) the Office of the Renewable Energy Regulator Collective Agreement 2006-2009; or
(c) an enterprise agreement.

temporary agreement has the same meaning as in the Fair Work Act 2009.

modern award has the same meaning as in the Fair Work Act 2009.

pre-reform AWA has the same meaning as in Schedule 7 to the Workplace Relations Act 1996 as in force immediately before the commencement of Schedule 1 to the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009.

transition time means the commencement of this item.

94B Transitional—regulations relating to the transfer of APS employees to the Australian Climate Change Regulatory Authority

The Governor-General may make regulations providing for matters of a transitional nature in relation to the transfer of APS employees from:
(a) the Department; or
(b) the Office of the Renewable Energy Regulator;
to the Australian Climate Change Regulatory Authority.

(7) Schedule 1, item 159, page 36 (after line 27), after subsection (2A), insert:

(2B) Regulations made for the purposes of paragraph (2A)(a) must not declare that an emission mentioned in paragraph 24(2)(a), (b), (c), (d), (e) or (f) of the Carbon Pollution Reduction Scheme Act 2009 is a scope 1 emission covered by the carbon pollution reduction scheme.

These amendments enable staff transferring to the authority, whether from the Office of the Renewable Regulator or the Department of Climate Change, to start their employment on the same terms and conditions as they had prior to transfer. The amendments also include technical amendments relating to the transition to the authority—for example, by providing that documents signed by the Renewable Energy Regulator continue to have effect notwithstanding the abolition of that office.

Amendment (7) provides that regulations under the National Greenhouse and Energy Reporting Act 2007 must not declare that agricultural emissions are covered by the scheme. This amendment complements the amendments proposed—and, I think, now adopted—to the main bill relating to the exclusion of agriculture from the Carbon Pollution Reduction Scheme.

Senator CORMANN (Western Australia) (8.09 pm)—The coalition supports these amendments which are consequential to the exclusion of agriculture to the CPRS legislation.

Question agreed to.

Senator MILNE (Tasmania) (8.09 pm)—I move Australian Greens amendment (11) on sheet 5862:

(11) Schedule 2, page 76 (after line 17), after item 9A, insert:

9B Subdivision 40-J
Repeal the Subdivision.
This amendment pertains to the removal of tax deductions for the establishment of carbon sink forests. Again, this has been an issue we have canvassed in here on many, many occasions. The issue is that there is a 100 per cent tax deduction provided for the establishment of a carbon sink forest. This is precisely the same argument as in relation to managed investment schemes. The consequences of the managed investment schemes will be exactly the same consequences in terms of the carbon sink forests.

It may surprise people because they would assume that a carbon sink forest is actually going to be a biodiverse planting because they would assume for it to be a carbon sink forest it would be in the ground for a hundred years at least and that it would be biodiverse and the rest. In fact, it is exactly the same rort as the managed investment schemes dressed up in another guise, and issues pertaining to water and planning apply. I know the minister will argue—and we had this debate earlier on another bill—but the fact of the matter is that the best land with the highest rainfall will grow the best trees. Once you put in a scheme which rewards people for the volume of carbon in a stand, you are going to get them putting this in on the best land with the best water. I have absolutely no doubt that we are going to see a test case in the courts. As I have presented to this parliament many times I have legal advice from a very experienced tax barrister who has given advice to say that the upfront capital cost of land and the packaging of the carbon sink forest product will all be part of the tax deduction, just like the managed investment schemes have been.

I am surprised there is no-one from the National Party here in the chamber now because I know they have a longstanding objection to the carbon sink forest legislation, which is the same objection the Australian Greens have. They have put that on the record in the past, although it is up to them to speak for themselves and they are not here. The Australian Greens do not believe it is appropriate to give a 100 per cent tax deduction for carbon sink forests because it will lead to perverse outcomes and distortion of land and water prices in rural Australia. It will lead to the same kinds of outcomes as for the managed investment schemes in effectively driving people genuinely interested in food production off the land in favour of the speculators and the Collins Street investors who have so rorted the managed investment schemes.

I do not intend to speak further on this but water is a critical issue, as is biodiversity, and we do need to rehabilitate degraded forests in Australia. We do need biodiverse planting, we do need to integrate trees in the landscape and on land, but we do not need 100 per cent tax deduction for carbon sink forests, which will distort the whole process. Now we are going to a situation where you get 100 per cent tax deduction for the establishment of a carbon sink forest and then you get the carbon offsets the government is prepared to grant under its national offset scheme. We are going to have exactly the same result as occurred with the managed investment schemes in that there will be a bunch of middle people who will get amazing commissions and we will have a whole financial market exploiting this. I would strongly advise that we remove this from the law as it currently stands.

Senator XENOPHON (South Australia) (8.14 pm)—I indicate that I strongly support this amendment. I would have thought that we should have learnt from the mistakes with the managed investment schemes: the collapse of Great Southern; the collapse of Timbercorp; the impact they have had on the land, particularly the Murray-Darling Basin, where prime agricultural land has been taken for some of these schemes; the potential for
harm in terms of prime agricultural land; and, in relation to our water resources, the whole issue of interception so that our rivers do not get the inflows that they need when it rains. These are all factors that must be taken into account, and it is a perverse outcome, as Senator Milne said, because the impact will be completely counterproductive in terms of any environmental benefits. I think Senator Milne may once have said that these carbon sink forests are a bit like managed investment schemes on steroids. I endorse that.

This is something where I would have thought this government would not want to go down the same path as the previous government, which opened the floodgates to managed investment schemes during their time in government. I am disappointed that action has not been taken in relation to this. Anything that can be done to shut down these schemes—these managed investment schemes on steroids—ought to be done, and therefore I support this amendment.

Senator O'BRIEN (Tasmania) (8.15 pm)—I can indicate to Senator Milne and Senator Xenophon that the government will not be supporting this amendment. The removal of the tax deduction for carbon sink forests is part of the set of arrangements that the government seeks to put in place as measures to sequester carbon in the new ETS and associated measures. The tax deduction proposed provides an incentive for growing forests for specific purposes of taking carbon dioxide out of the atmosphere. We think that this would help to boost the national effort to reduce greenhouse gas emissions, and for that reason the measure is important.

This is an issue which has been trawled over many times in this chamber—many, many times—including through a Senate committee inquiry on this measure which reported in September last year. That committee found that the carbon sink forest tax legislation is:

... a valuable policy addition that will promote greenhouse gas reductions.

That was the finding of the committee.

There has been some discussion in this debate about managed investment schemes, which are quite a different tax vehicle. The managed investment schemes operate in both the forest and non-forestry areas, and frankly they have promoted, in the forestry area, a great many positive forest initiatives. They have seen an increase in available plantings outside the native forest area, to the extent that over a period of time we will see, in my state, the near replacement of native forest chippings with plantation forest chippings. But we are also seeing a transformation in the native forest area from chipping some resources to higher value uses such as rotary veneer peel resources—in other words, peeling some of the trees that would have gone into woodchips to create veneers to manufacture ply for the building industry, a measure which puts those timber resources into a much longer lived wood product, thereby effectively sequestering carbon in that product for a very long period in the building industry. So those sorts of measures, which are spin-offs from the managed investment schemes and the increased wood plantation sector, are arguably already having a positive effect on the amount of timber that is being preserved in the environment in wood products and therefore sequestering carbon over a long period of time.

So to suggest that somehow, firstly, there is something intrinsically wrong with the managed investment scheme—that is, it is not capable of amendment to make it better—is, I think, a falsehood. It is true that there have been some businesses that have operated in a less than acceptable manner in the sector, and they have been very large
It is also true that availability of finance had a significant effect on the timing of those businesses’ demise. Hopefully, many of the resources that they have created will be taken up and managed by better managed businesses so that those types of resource creation projects can continue with appropriate measures put in place by government to make sure that the original intention of the managed investment schemes—that is, the creation of sustainable forest industry additions for the future whilst at the same time providing reasonable investment products for taxpayers—can continue.

That Senate inquiry in 2008, as I said, found that this measure would be ‘a valuable policy addition’ that would ‘promote greenhouse gas reductions’. That report noted that the legislation addressed an anomaly in that other forms of greenhouse gas emissions reduction activities by industries are tax deductible. I ask the question: why would it be suggested that this form of greenhouse gas reduction not be as tax deductible as others, other than, perhaps, as a campaign by the Greens to render the forest industry less economically viable because they oppose it? I really think that it would be an unfortunate circumstance if this particular amendment were carried. The amendment would have the effect of reversing the initial measures which have been put into place and creating an inconsistency in taxation treatments relating to greenhouse gas emissions.

As I said, the proposal has some flaws. I think it is simplistic to put the proposition that, because there have been some problems with managed investment schemes, carbon sink forest arrangements ought not be allowed to continue, bearing in mind that there are measures in relation to carbon sink forest arrangements which do not apply to managed investment schemes. These include the fact that the life of the planting must be a very considerable period of time, that the planting must grow to a particular size and that the removal of that planting would require a restitution in the carbon accounting arrangements that have been put in place to give it a value.

This is a measure which has been reasonably well thought out and was initially proposed by Mr Turnbull, I think. It is a measure that both the then government and the then opposition, now the government, took to the last election. We have made no secret that this would be a part of the arrangements to accompany the proposal to address the Earth’s emissions problems. I think we have been consistent in that. We believe that other countries ought to do more on how they sequester carbon in their forests and that they should make sure that the destruction of forest does not lead to greater greenhouse emissions. Hopefully forests in other areas can continue to be grown and preserved for the purpose of the sequestration of carbon to achieve a better carbon and greenhouse outcome for the world.

So we will not be supporting this amendment. We think that, if you take away the references to the failed businesses in managed investment, the principle is still a viable one and that, despite any criticisms you make of managed investment schemes, this is a different scheme. This is a scheme which equates one form of gas emission reduction activity with others that are tax deductible.

Senator CORMANN (Western Australia) (8.25 pm)—I want to place on record that Liberal and National Party senators do not, of course, support passage of this flawed legislation before the climate change conference in Copenhagen because we think that, in the absence of an appropriately comprehensive global agreement, it is nothing more than a giant tax. However, if this flawed legislation were to pass the Senate, against the
national interest, the opposition would not be supporting this Greens amendment.

Senator Cameron (New South Wales) (8.25 pm)—Senator Cormann is doing exactly what we would expect from him. The Liberals have elected an extremist leader today and Senator Cormann is part of the extreme group in this Senate who want to ensure that we do not tackle climate change.

What we are hearing from Senator Cormann is typical of the Liberal Party in this country. They are now a group of extremists, run by extremists, taking extremist positions on a whole range of legislation. It will not simply be the Carbon Pollution Reduction Scheme—the working families of Australia will need to look at what this opposition is doing.

With the CPRS, we are taking every step that is right and proper to ensure that Australia plays its part in reducing carbon pollution around the world. The Carbon Pollution Reduction Scheme is a—

Senator Xenophon—Mr Temporary Chairman, on a point of order: I raise the question of relevance to the amendment before us, which is about carbon sink forests.

The TEMPORARY CHAIRMAN (Senator Forshaw)—The debate has ranged rather widely over quite a number of days. For the last three quarters of an hour, we have managed to stick to the amendments before us and I must say that we are actually debating the Greens amendment, but Senator Cameron is in order. There is no point of order.

Senator Cameron—I am really surprised at Senator Xenophon raising the issue of relevance in this debate. The issues that Senator Xenophon has raised in the past would lead me to believe that Senator Xenophon believes in the magic pudding in relation to carbon pollution reduction in this country. This is not about a magic pudding. This is about doing what is right for this country. This is about doing what is right for the nation—something that the opposition are not prepared to do and something that the opposition are determined to walk away from. They are walking away from it because they want to pursue the fear and smear campaign that the opposition are renowned for in this country.

This amendment will not deliver the ongoing suite of changes that is required to ensure that we deal comprehensively with a reduction in carbon pollution in this country. Carbon sinks are one aspect of a whole suite of reductions in CO2 emissions that we are seeking to achieve.

I have been overseas recently. I was lucky enough to go overseas and see what is happening in the rest of the world. Talking to the Commonwealth countries around the world, who are concerned about their future and about ensuring that they can reduce their carbon footprint, I was quite interested to see that David Cameron, the Leader of the Opposition in the UK, takes a much more progressive position.

Honourable senators interjecting—

Senator Cameron—He is no relation to me, I can tell you. He must come from the black Cameron side. He is no relation to me.

Senator Back—Is he a rebel though?

Senator Cameron—You guys are the rabble.

The TEMPORARY CHAIRMAN—Order! I will determine who is the rabble here. Senator Cameron, you have the floor and other senators should cease interjecting.

Senator Cameron—I will take up that interjection about rabble. Let me tell you that I have never seen such a rabble as we have witnessed with the coalition over the last week. Here we are discussing serious issues about reducing the carbon footprint of this
country, yet what do we have opposite? We have a coalition that are interested in ripping each other apart and putting an extremist at the head of their party, an extremist who is prepared to take rights away from workers but not to address the issue of carbon pollution reduction and deal with the real issues that are affecting working families in this country. What could be more important than dealing with the issue of reducing the carbon footprint in this country?

We do not believe that reducing the taxation effectiveness of these carbon sink forests will do the business. We do not believe that should happen. We believe that the tax deductions are an incentive to grow forests for the purpose of reducing carbon dioxide. It is about time that the coalition actually dealt with the real issues and actually tried to come up with a policy, instead of coming in here and talking for hour after endless hour on a filibuster until they change their leadership, until they get an extremist leadership in there that is prepared to walk away from the real issues that are affecting ordinary Australians, walk away from future generations and walk away from the needs of the children and grandchildren of this country. That is what they are doing: walking away from the real needs of this country in terms of reducing its carbon footprint.

The Carbon Pollution Reduction Scheme has had more inquiries than you can poke a stick at. I have been on three of them and I have witnessed every senior and effective scientist come to those committees and indicate that we must do something to reduce our carbon footprint. What we must do is continue to give incentives throughout the community and throughout industry to make sure that we actually target the need to reduce carbon pollution in this country. What we are doing by opposing the removal of the tax deduction is giving farmers a reason to get in there and help reduce the carbon pollution in this country.

We hear all of the rhetoric from the coalition, but when I was overseas recently I spoke to a former prime minister of Kiribati and he indicated that they were desperately concerned about what was happening in the Pacific islands through global warming, which it seems to me the majority of coalition senators deny is happening. The coalition are the climate change deniers, the climate change sceptics and the climate change vandals in this country. They have got no credibility in terms of their position in relation to carbon pollution reduction. They have got no credibility as a real opposition in this country. They have been nothing but a rabble over the period of time since they determined that Malcolm Turnbull, the member for Wentworth, had to go. They determined he had to go because he was taking a progressive position, he was not a conservative, he was not going to do their bidding, and he was not going to buckle under.

Senator Cormann—Mr Temporary Chairman, on a point of order: even with the broadest interpretation of relevance, I fail to understand how this is relevant to the Greens amendment before the chair.

The TEMPORARY CHAIRMAN (Senator Humphries)—Senator Cameron, you should remain relevant to the amendment before the chair.

Senator Cameron—I am just responding to the political comment Senator Cormann made when he stood up earlier. If it is good for one side, it should be good for the other side, but I take your point. In relation to where this government stands on reducing carbon pollution, we are the leaders in this country in dealing with the issues. We are the only government that has stood up and said that we must do something about it and has come up with a plan to deal with it. Part of
that plan is to make sure that we do provide the incentives and that there will be a tax deduction and an incentive to—

**Senator Bob Brown**—Mr Temporary Chairman, on a point of order: I did not think we would end with a government filibuster, but that is what we are getting. I think the government members should hear it, so I draw your attention to the state of the house. (*Quorum formed*)

**Senator CAMERON**—I indicate again that we do not support this amendment from the Greens. There is a need to deal with carbon pollution, to provide those incentives and to ensure that there is tax effectiveness in terms of growing forests for the specific purpose of reducing carbon dioxide. As you are aware, the previous Senate inquiry found that carbon sink forest tax legislation is a valuable policy addition that will promote greenhouse gas reductions. If we do not promote the greenhouse gas reductions by giving some support through the taxation system, it would be a negative for the overall scheme and that is why we do not support this amendment.

**Senator WILLIAMS** (New South Wales) (8.37 pm)—I would like to comment on carbon sinks, after those amazing comments from Senator Cameron. What Senator Cameron needs to realise is that the more of our countryside we plant down to trees, the more we will have to ask where we can grow our food. We know through the recent Senate inquiry how the National Party opposed carbon sinks, which are simply a turbocharged managed investment scheme. For those people who are not familiar with carbon sinks, it is a situation where a company can purchase land, get tax deductions for the purchase of the land, establish a forest and then obtain the carbon credits. When a farmer buys land, they cannot get a tax deduction for the price of the land when they purchase it.

Carbon sinks will force the price of land up, squeezing the genuine farmer out and converting agricultural food producing land into forests. Where do we grow the food in that situation? We are talking about a population in 2050 in Australia of 35 million—and I certainly hope it does not get to that level—and more than nine billion people in the world. Perhaps when Senator Cameron goes to the UK next time, he might get the scientists there to invent a digestive system for human beings so they can consume bark and limbs from trees and actually survive on it, because that is the situation we are facing. If we encourage people to plant their country down to trees, we are looking at the loss of land for food production.

Senator Cameron mentioned our carbon footprint. I find it quite amazing that we are looking at a $115 billion to $200 billion tax on the Australian people to reduce carbon dioxide emissions by a mere five per cent or 30 million tonnes come 2020, while at the same time China will have increased their emissions by three billion tonnes a year and India will have increased their production of carbon dioxide emissions by two billion tonnes a year. This is the problem with this legislation. It will cost so much and it will do so little.

People need to realise some things about soil sequestration. Look at what happened at Northparkes mine with Rio Tinto—managed by Geoff McCallum and farmed by Scotty Goodsell—and the carbon in the soil where they grow more food and more crops, year in year out, with less fertiliser and less farming. They are conserving the carbon in the soil. If we increase the carbon in our soil over the 450 million hectares around Australia, a three per cent increase in carbon will 100 per cent neutralise Australia’s emissions for the next 100 years—not five per cent at a cost of some $200 billion but a 100 per cent reduction for the next 100 years. These are the
policies that the coalition will look at because we know the government’s emissions trading scheme is flawed, wrong and expensive, and will achieve nothing. Please wait and see—the correct policy will be brought forward prior to the next election.

Senator NASH (New South Wales) (8.40 pm)—I will only take a brief amount of time in the chamber this evening. Obviously, this issue of tax deductions for the establishment of carbon sink forests is an issue that the Nationals have been very focused on. Why on earth should the big end of town get tax deductions to put carbon sink forests on prime agricultural land? This comes back to the issue about the appropriate use of prime agricultural land. If we want the food security necessary into the future, if we want to be able to feed this nation, we need to ensure that we have the domestic production capacity that we need. This amendment goes to the heart of ensuring that the appropriate practices are in place on our prime agricultural land.

Can I just finish by commenting on the hypocrisy we have had from the other side of this chamber tonight. Senator Phil E Buster over there—Senator Cameron—you sit on that side of the chamber and accuse us of filibustering. Government senators interjecting—

Senator NASH—Look at them, one after the other—the hypocrisy of them. Do not ever come back into this chamber and accuse this side of doing it, because you are excelling at it. Do not accuse this side of the chamber of doing it ever again.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.42 pm)—Senator, I cannot let that rather shrill contribution go unremarked.

Senator Nash interjecting—

Senator WONG—I did have to leave the chamber for a short period, Senator. I have been in this chamber longer than anyone on this. If people want to talk about filibustering and playing procedural games, can I remind you, Senator Nash, how many times you asked the same question that your colleagues have asked. Can I remind the chamber that we have been here many hours—40-plus hours—in debate on this legislation. Much of that delay is due to people like Senator Nash, Senator Cormann and others, who hold extreme views on this issue and have been trying to play this out in order to give the conservative wing of the Liberal Party time to bring down their leader.

Senator Nash—Absolute rubbish.

Senator WONG—I will take that interjection. I can tell Senator Nash that everyone in Australia watching the circus that has been the Liberal party room in this parliament over the last week and a half knows that I am speaking the truth. You played procedural games in this chamber, just as you did in June when you did not want to vote on this. You played procedural games in this chamber for hours and hours and hours to give the conservatives inside the Liberal Party time to bring down their leader. Senator Nash, can I suggest you be a little more careful before coming in here accusing others in this chamber of wasting time, after spending so many hours asking me repeated questions on the same issue.

Senator XENOPHON (South Australia) (8.44 pm)—I will respond to the comments made by Senators O’Brien and Cameron. Senator Cameron should take it as a compliment that my very first point of order was directed at him.

Senator Wong—It has taken you this long to take a point of order?

Senator XENOPHON—Yes, it has. I am very reluctant to take points of order, Senator
Wong. The issue here is one of the impact on our water resources. That is my primary concern in relation to carbon sink forests. That is why I support this legislation. I am concerned there are not sufficient safeguards. Senator O’Brien made a very considered contribution in defence of managed investment schemes, which he is completely entitled to do, but can I tell you, Chair, of the visceral contempt amongst irrigators in the Riverland and the communities in the Lower Lakes in my home state of South Australia towards managed investment schemes and the impact they have had on the water market: the greater demands on water, the distortion of the water market and the unfair advantages that MISs have had over family irrigators. It is quite palpable. So there are compelling reasons to support this amendment, and I thought it was important to rebut the matters raised by Senators Cameron and O’Brien.

Question negatived.

Senator MILNE (Tasmania) (8.46 pm)—by leave—I wish to note that the government and the Liberal Party opposed the Australian Greens amendment and that it was supported by the Nationals and Senator Xenophon.

The TEMPORARY CHAIRMAN (Senator Humphries)—We now proceed to Australian Greens amendments (12) to (16) on sheet 5862. I understand that those amendments were consequential on earlier failed amendments, Senator Milne?

Senator MILNE (Tasmania) (8.46 pm)—Yes. I withdraw amendments (12) to (16) on sheet 5862.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.47 pm)—by leave—I move government amendments (1) to (8) on sheet BE204 together:

1. Schedule 2, item 19, page 83 (after line 30), after paragraph 420-15(3)(a), insert:
   (aa) Part 8A (coal mining) of that Act; or

2. Schedule 2, item 19, page 94 (line 9), omit “(emissions-intensive trade-exposed assistance program)”, substitute “(certain free Australian emissions units)”.

3. Schedule 2, item 19, page 96 (lines 11 to 13), omit subsection 420-55(6), substitute:
   Certain free Australian emissions units

4. Schedule 2, item 19, page 98 (lines 3 to 5), omit subsection 420-57(9), substitute:
   Certain free Australian emissions units

5. Schedule 2, item 19, page 98 (line 7), omit “emissions-intensive trade-exposed assistance program”, substitute “certain free Australian emissions units”.

6. Schedule 2, item 19, page 98 (lines 11 to 14), omit paragraph 420-58(1)(a), substitute:
   (a) either:
      (i) it was issued to you in accordance with the emissions-intensive trade-exposed assistance program (within the meaning of the Carbon Pollution Reduction Scheme Act 2009); or
      (ii) it was issued to you in accordance with Part 8A (coal mining) of that Act; and

7. Schedule 2, item 19, page 100 (after line 8), after paragraph 420-65(3)(a), insert:
   (aa) Part 8A (coal mining) of that Act; or

8. Schedule 2, item 19, page 101 (after line 23), after paragraph 420-70(3)(a), insert:
   (aa) Part 8A (coal mining) of that Act; or

These amendments are consequential to the government’s Coal Sector Adjustment Scheme, as free emissions units are to be allocated under that scheme and the income tax treatment of those units needs to be addressed. The amendments will ensure that
free emissions units issued for coalmining will receive the same income tax treatment as units issued under the emissions-intensive trade-exposed assistance program.

Question agreed to.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.48 pm)—by leave—I move government amendments (1) to (4) on sheet BE219 together.

(1) Schedule 2, item 19, page 84 (after line 13), after subsection 420-15(5), insert:

(5A) You cannot deduct under this section expenditure you incur in becoming the "holder of an "Australian emissions unit issued to you in accordance with the domestic offsets program (within the meaning of the Carbon Pollution Reduction Scheme Act 2009) unless you incur the expenditure in preparing or lodging an application under that program for free Australian emissions units.

(2) Schedule 2, item 19, page 100 (after line 27), after subsection 420-65(5), insert:

(5A) Subsections (1) and (2) do not affect the application of a provision of this Act outside this Division to expenditure you incur in becoming the "holder of an "Australian emissions unit issued to you in accordance with the domestic offsets program (within the meaning of the Carbon Pollution Reduction Scheme Act 2009) if you do not incur the expenditure in preparing or lodging an application under that program for free Australian emissions units.

These amendments are consequential to the domestic offsets program provided for in the main bill. The amendments will ensure that free emissions units issued under the domestic offsets program will be given the same tax treatment as free emissions units issued for reforestation.

Question agreed to.

Bill, as amended, agreed to.

Australian Climate Change Regulatory Authority Bill 2009 [No. 2]

Bill—by leave—taken as a whole.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.49 pm)—by leave—I move government amendments (1) and (2) on sheet AL233 together:

(1) Clause 18, page 11 (line 7), omit “instruments.”, substitute “instruments;”.

(2) Clause 18, page 11 (after line 7), at the end of subclause (2), add:

(k) public administration.

These amendments expand the appointment criteria for membership of ACCRA, the Australian Climate Change Regulatory Authority, by adding public administration as one of the requirements. They also substitute ‘instruments.’ for ‘instruments;’. Apparently it is a semicolon versus a full stop.

The TEMPORARY CHAIRMAN (Senator Humphries)—A very important amendment.

Question agreed to.

Bill, as amended, agreed to.

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]

Bills—by leave—taken together and as a whole.

CHAMBER
Bills agreed to.

Carbon Pollution Reduction Scheme (CPRS
Fuel Credits) Bill 2009 [No. 2]
Bill—by leave—taken as a whole.

Senator WONG (South Australia—
Minister for Climate Change and Water)
(8.52 pm)—by leave—I move government
amendments and requests (1) to (13) on sheet
AL239 together:

(1) Clause 6-1, page 10 (line 11), omit “or agri-
culture”, substitute “agriculture or for-
estry”.

(2) Clause 6-1, page 10 (lines 14 and 15), omit
“or incidental agricultural activities”, substi-
tute “incidental agricultural activities or inci-
dental forestry activities”.

(3) Heading to clause 6-5, page 11 (lines 18 and
19), omit “or agriculture”, substitute “agric-
ture or forestry”.

(4) Clause 6-5, page 11 (line 28), omit “and”, substi-
tute “or”.

(5) Clause 6-5, page 11 (after line 28), at the
end of paragraph 6-5(1)(c), add:
(iii) “forestry; and

(6) Heading to clause 6-10, page 12 (line 6),
omit “or incidental agricultural activities”, substi-
tute “incidental agricultural activities or incidental
forestry activities”.

(7) Clause 6-10, page 12 (line 16), omit “and”, substi-
tute “or”.

(8) Clause 6-10, page 12 (after line 16), at the
end of paragraph 6-10(1)(d), add:
(iii) “incidental forestry activities; and

(9) Clause 7-5, page 19 (table item 1), omit “or agri-
culture”, substitute “agriculture or forestry”.

(10) Clause 7-5, page 19 (table item 2), omit “or
incidental agricultural activities”, substitute
“incidental agricultural activities or incidental
forestry activities”.

(11) Clause 7-5, page 20 (table item 3), omit “or
incidental agricultural activities”, substitute
“incidental agricultural activities or incidental
forestry activities”.

(12) Clause 13-1, page 33 (after line 29), after the
definition of fishing operations, insert:

forestry has the same meaning as in the
Energy Grants (Credits) Scheme Act
2003, but does not include an activity
relating to carbon sequestration. For
the purposes of this definition, disre-
gard the repeal of that Act on 1 July
2012.

(13) Clause 13-1, page 34 (after line 20), after the
definition of incidental fishing activities, ins-
ert:

incidental forestry activities has the
meaning given by the regulations.

Statement of reasons: why certain amendments
should be moved as requests

Section 53 of the Constitution is as follows:
Powers of the Houses in respect of legislation
53. Proposed laws appropriating revenue or mon-
ey, or imposing taxation, shall not originate in
the Senate. But a proposed law shall not be taken
to appropriate revenue or moneys, or to impose
taxation, by reason only of its containing provi-
sions for the imposition or appropriation of fines
or other pecuniary penalties, or for the demand or
payment or appropriation of fees for licences, or
fees for services under the proposed law.
The Senate may not amend proposed laws impos-
ing taxation, or proposed laws appropriating
revenue or moneys for the ordinary annual ser-
vices of the Government.
The Senate may not amend any proposed law so
as to increase any proposed charge or burden on
the people.
The Senate may at any stage return to the House
of Representatives any proposed law which the
Senate may not amend, requesting, by message,
the omission or amendment of any items or provi-
sions therein. And the House of Representatives
may, if it thinks fit, make any of such omissions
or amendments, with or without modifications.
Except as provided in this section, the Senate
shall have equal power with the House of Repre-
sentatives in respect of all proposed laws.
Amendments (4), (5) and (12)
The effect of amendments (4), (5) and (12) is to extend fuel credits under clause 6-5 of the Bill to forestry. The amendments are covered by section 53 because the Bill as amended, when read together with the proposed amendments to section 60-5 of the Fuel Tax Act 2006 made by the Carbon Pollution Reduction Scheme (CPRS Fuel Credits) (Consequential Amendments) Bill 2009, could result in increased net fuel amounts being payable out of the standing appropriation in section 16 of the Taxation Administration Act 1953.

Amendments (7), (8) and (13)
The effect of amendments (7), (8) and (13) is to extend fuel credits under clause 6-10 of the Bill to incidental forestry activities. The amendments are covered by section 53 because the Bill as amended, when read together with the proposed amendments to section 60-5 of the Fuel Tax Act 2006 made by the Carbon Pollution Reduction Scheme (CPRS Fuel Credits) (Consequential Amendments) Bill 2009, could result in increased net fuel amounts being payable out of the standing appropriation in section 16 of the Taxation Administration Act 1953.

Consequential amendments
The following amendments are consequential on the amendments mentioned above:
Amendments (1) and (2) amend the simplified outline in clause 6-1 of the Bill.
Amendments (3) and (6) amend the headings to clauses 6-5 and 6-10 of the Bill.
Amendments (9), (10) and (11) amend bracketed notes referring to clauses 6-5 and 6-10 of the Bill.

Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000
Amendments (4), (5), (7), (8), (12) and (13)
The Senate has long followed the practice that it should treat as requests amendments which would result in increased expenditure under a standing appropriation, although this interpretation is not consistent with other elements of the established interpretation of the third paragraph of section 53 of the Constitution. This has nothing to do with the introduction of bills under the first paragraph of section 53.

If it is correct that these amendments require the Commissioner of Taxation to make payments which will be payable from a standing appropriation, it is in accordance with the precedents of the Senate that the amendments be moved as requests.

Amendments (1) to (3), (6), and (9) to (11)
These amendments are consequential on the requests. It is the practice of the Senate that amendments purely consequential on amendments framed as requests should also be framed as requests.

Question agreed to.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (8.52 pm)—by leave—I ask that the Greens’ opposition to those amendments be recorded.

Bill agreed to, subject to requests.

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]

Bills—by leave—taken together and as a whole.

Bills agreed to.

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009 [No. 2]

Bill—by leave—taken as a whole.

Senator WONG (South Australia—Minister for Climate Change and Water) (8.54 pm)—by leave—I move government amendments and requests (1) to (5) on sheet CJ229:

(1) Clause 2, page 2 (table item 2), omit the table item, substitute:

2. Schedule 1 1 July 2011.

However, if section 3 of the Carbon Pollution Reduction Scheme Act 2009 does not commence before or on
1 July 2011, the provision(s) do not commence at all.

2A. Schedule 1A
Immediately after the commencement of Schedule 5 to the Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Act 2009.

However, if that Schedule does not commence, the provision(s) do not commence at all.

2B. Schedule 2
1 July 2011.

However, if section 3 of the Carbon Pollution Reduction Scheme Act 2009 does not commence before or on 1 July 2011, the provision(s) do not commence at all.

(2) Clause 2, page 2 (after table item 5), insert:

5A. Schedule 3, Part 3
Immediately after the commencement of Schedule 5 to the Veterans’ Affairs and Other Legislation Amendment (Pension Reform) Act 2009.

However, if the provision(s) covered by table item 3 do not commence, the provision(s) covered by this table item do not commence at all.

(3) Page 19 (after line 15), after Schedule 1, insert:

Schedule 1A—Other Social Security Act amendments
Social Security Act 1991

1 Subsection 1061ZAAZ(2) (at the end of the definition of adjusted taxable income)

Add:

; and (c) if the person (the claimant) was a member of a couple at the end of the year—the superannuation benefits (within the meaning of that Act) (if any) received by the person who was the claimant’s partner at that time in relation to the income year to the extent to which those benefits are non-assessable non-exempt income (within the meaning of that Act).

2 Subparagraph 1061ZAAZB(1)(g)(v)
Omit “$280”, substitute “$240”.

3 Subparagraph 1061ZAAZB(1)(h)(iv)
Omit “$385”, substitute “$330”.

4 Paragraph 1061ZAAZC(b)
Omit “$550”, substitute “$500”.

5 Paragraph 1206GI(a)
Omit “1.8%”, substitute “1.5%”.

Note: The heading to section 1206GI is altered by omitting “1.8%” and substituting “1.5%”.

6 Section 1206GI (note)
Repeal the note, substitute:

Note: The 1.5% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.7% for the 2012-2013 financial year, which has also been brought forward. The change to the indexation factor on or after 20 March 2013 under section 1206GM takes account of this second brought forward increase.

7 Subsection 1206GM(2) (definition of brought forward indexation amount)
Omit “0.008”, substitute “0.007”.

8 Subsection 1206GM(2) (example at the end of the definition of brought forward indexation amount)
Omit “1.005”, substitute “1.004”.

9 Subsection 1206GM(2) (example at the end of the definition of brought forward indexation amount)
Omit “0.008”, substitute “0.007”.

10 Subsection 1206GR(3) (paragraph (a) of the definition of CPRS amount)
Omit “1.8%” (wherever occurring), substitute “1.5%”.

Note: The heading to section 1206GR is altered by omitting “1.8%” and substituting “1.5%”.

11 Subsection 1206GR(3) (note at the end of the definition of CPRS amount)
Repeal the note, substitute:

Note: The 1.5% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.7% for the 2012-2013 financial year, which has also been brought forward. Subsection 1206GS(2), and the change to the indexation factor, and living cost indexation factor, on or after 20 March 2013 under section 1206GS, take account of this second brought forward increase.

12 Subsection 1206GS(1) (example)
Omit “1.005”, substitute “1.004”.

13 Subsection 1206GS(1) (example)
Omit “0.008”, substitute “0.007”.

14 Subsection 1206GS(3) (example)
Omit “1.005”, substitute “1.004”.

15 Subsection 1206GS(3) (example)
Omit “0.008”, substitute “0.007”.

16 Subsection 1206GS(4) (paragraph (b) of the definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

17 Subsection 1206GS(4) (paragraph (b) of the definition of brought forward PBLCI indexation amount)
Omit “0.008”, substitute “0.007”.

18 Subsection 1206GU(3) (example)
Omit “1.005”, substitute “1.004”.

Note: The heading to subsection 1206GU(2) is altered by omitting “1.8%” and substituting “1.5%”.

19 Subsection 1206GU(3) (example)
Omit “0.008”, substitute “0.007”.

20 Subsection 1206GU(4) (definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

21 Subsection 1206GU(4) (definition of CPRS amount)
Omit “1.8%” (wherever occurring), substitute “1.5%”.

22 Subsection 1206GU(4) (note at the end of the definition of CPRS amount)
Repeal the note, substitute:

Note: The 1.5% increase includes the Carbon Pollution Reduction Scheme’s estimated cost of living increase of 0.7% for the 2012-2013 financial year, which has also been brought forward. The change to the indexation factor on or after 20 March 2013 under subsection (3) takes account of this second brought forward increase.

(4) Schedule 2, item 2, page 20 (line 17), omit “$60,000”, substitute “$58,000”.

(5) Schedule 2, item 2, page 20 (line 28), omit “$60,000”, substitute “$58,000”.

Statement of reasons: why certain amendments should be moved as requests

Section 53 of the Constitution is as follows:

Powers of the Houses in respect of legislation

53. Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate. But a proposed law shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provis ons for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for services under the proposed law.

The Senate may not amend proposed laws imposing taxation, or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.
The Senate may at any stage return to the House of Representatives any proposed law which the Senate may not amend, requesting, by message, the omission or amendment of any items or provisions therein. And the House of Representatives may, if it thinks fit, make any of such omissions or amendments, with or without modifications.

Except as provided in this section, the Senate shall have equal power with the House of Representatives in respect of all proposed laws.

**Amendments (4) and (5)**

The effect of these amendments is to expand the circumstances in which a person is eligible to have an amount of FTB combined supplement added in working out the person’s annual rate of family tax benefit (which may increase the amount of expenditure out of the Consolidated Revenue Fund under the standing appropriation in section 233 of the A New Tax System (Family Assistance) (Administration) Act 1999). They are covered by section 53 because they will increase a “proposed charge or burden on the people”.

I do not want to take the chamber’s time with this. I would make the point that these are the amendments to the assistance scheme under the Carbon Pollution Reduction Scheme to reflect the lower assumed carbon price. There has been a lot of talk about this, and I just want to place on the record again: under this government’s scheme, under our plan, 90 per cent of Australian households will receive some form of direct cash assistance. On the current carbon price projections that is worth about $6 billion a year. That is, of Australia’s 8.8 million households some 8.1 million households will receive some form of assistance. The reality is that under this government’s scheme, under our plan, 90 per cent of Australian households will receive some form of direct cash assistance. On the current carbon price projections that is worth about $6 billion a year.

Senator MILNE (Tasmania) (8.57 pm)—In this deal between the government and coalition about $5½ billion has been taken away from households and given to the big polluters. That needs to be noted.

**Senator WONG** (South Australia)—Minister for Climate Change and Water) (8.57 pm)—I will briefly respond to Senator Milne. The government is maintaining the commitments in the white paper to fully compensate low-income Australians for the overall cost impact of the scheme and to continue to compensate middle-income Australia. For the Greens to continue to assert that that is not the case is not consistent with the policy that the government is putting forward. The government has put forward a package that we think is both environmentally effective and economically responsible. We do know that the Australian Greens want to remove very substantial amounts of assistance from industry. The government believe that the assistance to industry is important. It is about a responsible start to the scheme. It is about a responsible transition in what we know is a very significant change to our economy.

We do reject the proposition that somehow there is something inappropriate about the package. The single largest share of revenue under this scheme continues to go to Australian households. That is the case. From memory, some 43 per cent of the revenue under the scheme goes back to Australian households. In addition, we also have a fuel tax offset which provides assistance to Australian households. It is not correct for the Greens to suggest that this money has
somehow been taken away when the government is ensuring that Australian households continue to receive assistance in accordance with the commitments the Prime Minister made in December of last year.

Question agreed to.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (9.00 pm)—by leave—I ask that, again, the Greens’ opposition to those amendments be recorded.

Senator WONG (South Australia—Minister for Climate Change and Water) (9.00 pm)—by leave—I move government amendments (6) to (45) on sheet CJ229 together:

(6) Schedule 2, item 2, page 21 (line 10), omit “$680”, substitute “$620”.
(7) Schedule 2, item 2, page 21 (line 14), omit “$680”, substitute “$620”.
(8) Schedule 2, item 2, page 21 (line 16), omit “$680”, substitute “$620”.
(9) Schedule 2, item 7, page 23 (line 15), omit “1.4%”, substitute “1.1%”.
(10) Schedule 2, item 7, page 23 (line 18), omit “0.014”, substitute “0.011”.
(11) Schedule 2, item 7, page 23 (line 24), omit “1.4%”, substitute “1.1%”.
(12) Schedule 2, item 7, page 23 (line 24), omit “1.8%”, substitute “1.5%”.
(13) Schedule 2, item 7, page 23 (line 25), omit “1.4%”, substitute “1.1%”.
(14) Schedule 2, item 7, page 23 (line 27), omit “0.8%”, substitute “0.7%”.
(15) Schedule 2, item 7, page 23 (line 30), omit “4.8%”, substitute “4%”.
(16) Schedule 2, item 7, page 23 (line 33), omit “0.048”, substitute “0.04”.
(17) Schedule 2, item 7, page 24 (line 2), omit “4.8%”, substitute “4%”.
(18) Schedule 2, item 7, page 24 (line 2), omit “5.2%”, substitute “4.4%”.
(19) Schedule 2, item 7, page 24 (line 3), omit “4.8%”, substitute “4%”.
(20) Schedule 2, item 7, page 24 (line 5), omit “0.8%”, substitute “0.7%”.
(21) Schedule 2, item 7, page 24 (line 8), omit “4.5%”, substitute “3.8%”.
(22) Schedule 2, item 7, page 24 (line 11), omit “0.045”, substitute “0.038”.
(23) Schedule 2, item 7, page 24 (line 16), omit “4.5%”, substitute “3.8%”.
(24) Schedule 2, item 7, page 24 (line 16), omit “4.9%”, substitute “4.2%”.
(25) Schedule 2, item 7, page 24 (line 17), omit “4.5%”, substitute “3.8%”.
(26) Schedule 2, item 7, page 24 (line 19), omit “0.8%”, substitute “0.7%”.
(27) Schedule 2, item 7, page 24 (line 30), omit “0.008”, substitute “0.007”.
(28) Schedule 2, item 7, page 24 (line 35), omit “1.005”, substitute “1.004”.
(29) Schedule 2, item 7, page 24 (line 36), omit “0.008”, substitute “0.007”.
(30) Schedule 3, page 32 (after line 20), at the end of the Schedule, add:

Part 3—Amendments indirectly depending on main amendment Veterans’ Entitlements Act 1986

Note: This Part is to amend the Veterans’ Entitlements Act 1986 as amended by Schedule 5 to the Veterans’ Affairs and Other Legislation Amendment (Pension Reform) Act 2009. That Schedule is to repeal and substitute the Division 5 of Part XII of the Veterans’ Entitlements Act 1986 to be inserted in that Act by Part 1 of this Schedule.

14 Paragraph 198S(a)

Omit “1.8%”, substitute “1.5%”.

Note: The heading to section 198S is altered by omitting “1.8%” and substituting “1.5%”.

15 Section 198S (note)

Omit “1.8%”, substitute “1.5%”.

16 Section 198S (note)

Omit “0.8%”, substitute “0.7%”.

17 Subsection 198V(1) (example)

Omit “1.005”, substitute “1.004”.
18 Subsection 198V(1) (example)
Omit “0.008”, substitute “0.007”.

19 Subsection 198V(2) (example)
Omit “1.005”, substitute “1.004”.

20 Subsection 198V(2) (example)
Omit “0.008”, substitute “0.007”.

21 Subsection 198V(3) (paragraph b) of the definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

22 Subsection 198V(3) (paragraph b) of the definition of brought forward PBLCI indexation amount)
Omit “0.008”, substitute “0.007”.

23 Subsection 198W(1) (example)
Omit “1.005”, substitute “1.004”.

24 Subsection 198W(1) (example)
Omit “0.008”, substitute “0.007”.

25 Subsection 198W(2) (definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

26 Subsection 198ZB(3) (paragraphs (a) and (b) of the definition of CPRS amount)
Omit “1.8%”, substitute “1.5%”.

Note: The heading to section 198ZB is altered by omitting “1.8%” and substituting “1.5%”.

27 Subsection 198ZB(3) (note at the end of the definition of CPRS amount)
Omit “1.8%”, substitute “1.5%”.

28 Subsection 198ZB(3) (note at the end of the definition of CPRS amount)
Omit “0.8%”, substitute “0.7%”.

29 Subsection 198ZC(1) (example)
Omit “1.005”, substitute “1.004”.

30 Subsection 198ZC(1) (example)
Omit “0.008”, substitute “0.007”.

31 Subsection 198ZC(3) (example)
Omit “1.005”, substitute “1.004”.

32 Subsection 198ZC(3) (example)
Omit “0.008”, substitute “0.007”.

33 Subsection 198ZC(4) (paragraph b) of the definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

34 Subsection 198ZC(4) (paragraph b) of the definition of brought forward PBLCI indexation amount)
Omit “0.008”, substitute “0.007”.

35 Paragraph 198ZF(a)
Omit “1.8%”, substitute “1.5%”.

Note: The heading to section 198ZF is altered by omitting “1.8%” and substituting “1.5%”.

36 Section 198ZF (note)
Omit “1.8%”, substitute “1.5%”.

37 Section 198ZF (note)
Omit “0.8%”, substitute “0.7%”.

38 Subsection 198ZG(1) (example)
Omit “1.005”, substitute “1.004”.

39 Subsection 198ZG(1) (example)
Omit “0.008”, substitute “0.007”.

40 Subsection 198ZG(2) (example)
Omit “1.005”, substitute “1.004”.

41 Subsection 198ZG(2) (example)
Omit “0.008”, substitute “0.007”.

42 Subsection 198ZG(3) (paragraph b) of the definition of brought forward CPI indexation amount)
Omit “0.008”, substitute “0.007”.

43 Subsection 198ZG(3) (paragraph b) of the definition of brought forward PBLCI indexation amount)
Omit “0.008”, substitute “0.007”.

(31) Schedule 4, item 2, page 33 (line 20), omit “1.4%”, substitute “1.1%”.

(32) Schedule 4, item 2, page 33 (line 25), omit “0.014”, substitute “0.011”.

(33) Schedule 4, item 2, page 33 (line 26), omit “1.4%”, substitute “1.1%”.

(34) Schedule 4, item 2, page 33 (line 26), omit “1.8%”, substitute “1.5%”.

(35) Schedule 4, item 2, page 33 (line 27), omit “1.4%”, substitute “1.1%”.

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(36) Schedule 4, item 2, page 33 (line 29), omit “0.8%”, substitute “0.7%”.
(37) Schedule 4, item 2, page 34 (line 10), omit “0.008”, substitute “0.007”.
(38) Schedule 4, item 2, page 34 (line 15), omit “1.005”, substitute “1.004”.
(39) Schedule 4, item 2, page 34 (line 16), omit “0.008”, substitute “0.007”.
(40) Schedule 5, item 10, page 37 (line 8), omit “$105”, substitute “$90”.
(41) Schedule 5, item 11, page 37 (line 15), omit “$78,250”, substitute “$77,250”.
(42) Schedule 5, item 12, page 37 (line 17), omit “$1,930”, substitute “$1,890”.
(43) Schedule 5, item 13, page 37 (line 21), omit “$38,762”, substitute “$38,514”.
(44) Schedule 5, item 14, page 37 (line 24), omit “$32,948”, substitute “$32,737”.
(45) Schedule 5, item 15, page 37 (line 26), omit “$46,500”, substitute “$46,000”.

Question agreed to.

Bill, as amended, agreed to, subject to requests.

Carbon Pollution Reduction Scheme Bill 2009 [No. 2]; Carbon Pollution Reduction Scheme (Consequential Amendments) Bill 2009 [No. 2] and Australian Climate Change Regulatory Authority Bill 2009 [No. 2] reported without amendment

Carbon Pollution Reduction Scheme (CPRS Fuel Credits) Bill 2009 [No. 2] reported with requests;

Carbon Pollution Reduction Scheme Amendment (Household Assistance) Bill 2009 [No. 2] reported with amendments and requests;

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) (Consequential Amendments) Bill 2009 [No. 2]; Excise Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2009 [No. 2] and Customs Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2009 [No. 2] reported without amendments or requests.

Adoption of Report

Senator Wong (South Australia—Minister for Climate Change and Water) (9.02 pm)—I move:

That the report of the committee be adopted.

Senator Fielding (Victoria—Leader of the Family First Party) (9.02 pm)—I move:

That:

“and with reference to the Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and related bills:

(1) The Senate calls on the Government to establish a Royal Commission, to be jointly chaired by Professor Ross Garnaut and Professor Ian Plimer, to take evidence from Australian and international experts on the science surrounding the extent to which man made carbon dioxide emissions are the major driver of climate change and the likely effectiveness of the Carbon Pollution Reduction Scheme in reducing climate change, with a requirement that the commission table a report that includes the scientific arguments both for and against, by 3 May 2010.

(2) There be laid on the table by the Productivity Commissioner, no later than 9 March 2010, a report of the Productivity Commission setting out the potential costs to the Australian economy of Australia committing to the targets contained in these bills before other major world economies (including China, USA, India and Russia) commit to at least the same emissions reduction targets, and before we know what those targets are. This report should also include the potential costs to the Australian economy if other major world economies do commit to lower emissions reduction targets.
(3) There be laid on the table by the Productivity Commissioner, no later than 9 March 2010, a report of the Productivity Commission setting out viable alternative schemes to the CPRS, and the cost and benefits under those schemes of achieving the targets that are contained in the bills.

(4) Further consideration of the bills be an order of the day for the day after the reports of these inquiries are presented.”

This amendment was circulated yesterday and is to do with setting up three separate inquiries to do three separate things. This is about policy, not about politics. We have clearly reached a political impasse and a political roadblock, so we need to refer the three key questions to a non-political process. The three questions are: is the science right? We need to set up a royal commission to look at the science and to make sure that everybody is heard in that regard. Secondly, there should be a Productivity Commission inquiry set up to see which scheme, if any, is best. Thirdly, there should be a Productivity Commission report to see what dangers there are in going it alone before the rest of the world commits. Until these three questions are answered, there is no way Australia can commit to any emissions trading scheme.

Senator ABETZ (Tasmania) (9.03 pm)—

The opposition, in general terms, can understand the reasoning and rationale of Senator Fielding in moving for further information being provided to the Australian people. However, with great respect I say to Senator Fielding that a royal commission, being a royal commission, should not be chaired by an economist and a geologist. A royal commission should, in fact, be chaired by somebody who has the capacity to deal with the rule of law, evidence and issues such as the probity value of evidence.

Senator Bernardi—Are you offering?

Senator ABETZ—No, I am not offering myself, thank you, Senator Bernardi. But that is very kind of you to suggest that I might be able to perform in that role. It would be, with respect, like seeking the opinion of the Chief Justice of the High Court of Australia in relation to a matter economic or a matter geological. I can understand the motivation for Senator Fielding’s amendment and, indeed, the opinion polls tell us that 81 per cent of Australians, despite $13-plus million of government advertising, are still very confused about this legislation.

In relation to the Productivity Commission, I say to the honourable senator that, as I understand it, it is only the government and, more correctly I think—somebody will correct me on this—the Treasurer who would be able to advise or instruct the Productivity Commission to undertake a particular study. It has been the view of the coalition that it would be beneficial to have a Senate inquiry, but we understand the fact that there are not the numbers in the Senate for such an inquiry and that is why we will not pursue that and delay the chamber further.

But I thought I should point out that our opposition to Senator Fielding’s suggestion is in no way based on the suggestion that there has been enough community debate. The fact that 81 per cent of Australians are of the view that they do not know enough about this suggests that there is confusion within the community and more information should be provided, but with respect to Senator Fielding I do not think that the two mechanisms of a royal commission as enunciated and the Productivity Commissioner’s approach would be an appropriate course of action.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.06 pm)—We have implored Senator Fielding to reconsider his amendment. A royal commission is something that is protracted in the extreme. Although we concur completely with the re-
marks of Senator Abetz that greater communication is absolutely an issue here, we do not believe that the sentiment of the Senate or of the Australian public warrants a royal commission into climate change. We have premised our debate on whether the economics of this emissions trading scheme are applicable. We have premised our debate on the fact that the economics of this scheme are abhorrent and are of no benefit to the Australian people. We have premised our debate on the fact that the economics of the emissions trading scheme are no more than a massive new tax and that, as a massive new tax, it will do nothing but make people poorer or broke. We say to the Australian people: if you do not understand this massive new tax, do not vote for it. This massive tax will do nothing to help working families. It will put working families out of work. It will make pensioners poorer. It will put farming families out of work. But we do not believe that a royal commission is required to discuss the pros and cons of global warming. That is a debate for the scientific community at the appropriate venue and not in a royal commission. The Productivity Commission—

**Senator JOYCE**—All through this debate the minister has been unable to answer the crucial question: how much will this massive new tax reduce the parts per million of carbon dioxide in the atmosphere? She has been unable to answer it. All through this debate the Labor Party have been unable to conclusively argue the case for how this massive new tax will do anything for the climate. It will only do something for the share brokers.

_Government senators interjecting—_

**The PRESIDENT**—Order! Senator Polley and Senator Bishop!

**Senator JOYCE**—We have got Senator Bishop and Senator Collins—

**The PRESIDENT**—Ignore the interjections, Senator Joyce. Just address the chair.

_Honourable senators interjecting—_

**Senator JOYCE**—and we have got others yelling across the chamber because the Labor Party have been unable to engage with the Australian people as to how this massive new tax on Australian working families, on Australian pensioners and on Australian farming families—on those who can least afford it—can change the temperature of the globe. Labor are now finding it very galling that their minister has been unable to prosecute this debate about how this massive new tax will change the parts per million of carbon dioxide levels in the atmosphere. There are myriad ways that we can have a better environmental outcome. Senator Fielding has properly pointed out that they need to be appropriately addressed, but a royal commission is not the appropriate place, nor is the Productivity Commission, with the time we have left prior to Copenhagen. So at this point in time the National Party will not be supporting Senator Fielding’s amendment.

**Senator BOB BROWN** (Tasmania—Leader of the Australian Greens) (9.12
I am feeling a little sorry for Senator Fielding. I think that if, instead of moving to refer the climate change bills to an economist and a geologist, he had moved to refer them to an abbot and a bishop, he might have got the opposition on side! But that is a strategic matter, and the Greens will not be supporting the motion either.

Senator XENOPHON (South Australia) (9.13 pm)—I indicate that I will be not be supporting this amendment. I think in an interjection by Senator Feeney earlier about the whole idea of a royal commission he said that the IPCC has done that. I think he is right. There have been enough peer-reviewed articles to indicate that climate change is real. There are other scientists who disagree, but the overwhelming scientific evidence is that we must take action. The approach suggested by Senator Fielding, with respect to him, is not the way forward. In any event, from a procedural point of view, the fact is that we can call on the government to have a royal commission but we cannot force the government to have a royal commission. Similarly, we can call on the government to have a Productivity Commission inquiry but it is for the government, for the Assistant Treasurer, to actually order the commission to undertake such an inquiry—

Senator Sherry—They ain’t getting one!

Senator XENOPHON—and Senator Sherry says that they ain’t getting one! From a procedural point of view, I can understand Senator Fielding’s motivation, but I think the jury is well and truly in on this in terms of the need for action and in terms of the overwhelming scientific evidence.

Senator WONG (South Australia—Minister for Climate Change and Water) (9.14 pm)—The government will not be supporting this amendment. The government accepts the science and the government believes action on climate change is in the national interest.

Question negatived.

Senator XENOPHON (South Australia) (9.15 pm)—I move amendment on sheet 6031:

At the end of the motion, add: “and

(a) the question of the adequacy of water entitlements in relation to the proposed domestic offsets program [government amendments on [sheet BE218]], land use and land use change under the carbon pollution reduction scheme be referred to the Environment, Communications and the Arts Legislation Committee for inquiry and report by 2 February 2010; and

(b) the committee consider draft regulations relating to this matter, which are to be provided to the committee by the Minister for Climate Change by 15 January 2009.”

This amendment would not have the effect of deferring consideration of these bills. This amendment arises out of the committee stages in terms of the concern as to the adequacy of water entitlements in the context of the domestic offsets program with respect to forestry, and I think my colleagues know my concern. I am sure all my colleagues share the concern about the adequacy of water entitlements generally and the plight of areas such as the Murray-Darling Basin in the context of water entitlements.

Senator WONG (South Australia—Minister for Climate Change and Water) (9.16 pm)—The government will not be supporting this amendment. The senator well knows that within the Murray-Darling Basin we have the Murray-Darling Basin Authority currently conducting the development of a basinwide plan that should address these and other issues. We, frankly, do not believe it is appropriate to commence another process. Should this bill pass, I am happy to have a
discussion with Senator Xenophon about the consultation process in relation to these conditions.

Senator MILNE (Tasmania) (9.17 pm)—I rise to say that the Australian Greens will be supporting Senator Xenophon’s amendment. The Australian Greens have warned throughout this debate that the deal between the government and the coalition in relation to domestic offsets, in particular the voluntary carbon market, has not been thought through. The methodology has not been done; we do not have that robust methodology. We have warned that there are very likely to be perverse outcomes as a result of not considering water sustainability, food security, biodiversity and resilience in rural communities all together. It must be holistically thought through, and the upshot is that if they are not we will end up with the same perverse outcomes we had with the managed investment schemes. This also goes to the heart of the carbon sink forests. This will not delay the consideration of the bills, but it will ensure that this aspect of the domestic offsets is looked at through a Senate committee process, and that is why I commend Senator Xenophon for taking up this matter in this way. We will be supporting it.

Senator ABETZ (Tasmania) (9.18 pm)—On behalf of the opposition, I indicate to Senator Xenophon that we do not see our way clear to supporting this amendment.

Senator FIELDING (Victoria—Leader of the Family First Party) (9.18 pm)—I will not be supporting that amendment. I think the explanation from the minister seemed to be relevant to me. I know the debate has been very wide-ranging and I wanted to come back to an issue. On 4BC Drive on 30 November 2009 Senator Joyce was quoted as saying in reference to my royal commission, ‘He wants a royal commission into climate change, which I’ve got no problems with.’ He then goes on to say, ‘Then a productivity commission as well, which is a completely separate issue, which I would support.’ I am worried about whether what he is saying was true yesterday but not today.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.19 pm)—Obviously I concur with the remarks of Senator Abetz. One would have to ask of Senator Fielding: where does it stop? Royal commission, productivity commission, construction of a second Harbour Bridge—who would know where it stops? But we can see how they are all interrelated issues. They only take about 10 years to bring about, but it is all right; we can wait. With all due respect, Senator Xenophon has been an able and ardent advocate through the course of this debate. I respect immensely the work that Senator Xenophon has done. The issues he brings about really show that he has been a participant. He has been in here every moment of the debate, and I respect his acumen and diligence on the issue.

Senator Sherry—One-hundred-dollar leg of lamb? Where’d you get the $100 leg of lamb?

Senator JOYCE—We will deal with that later on. We will deal with everything that you are going to do to working families, but we are not so soft skinned that we cannot handle it. We will be dealing with every issue that you are perpetrating on working families, like how you are going to put them out of work—but you do not care about that.

Government senators interjecting—

Senator Carr—This is the National Party talking about workers? What a joke!

Senator JOYCE—We are the only people there for them, Senator Carr.

The PRESIDENT—Order! Order on my right. Senator Joyce, address your comments
to the chair. The people on my right, cease interruption.

Senator JOYCE—The Labor Party have deserted working families. They have gone off on a little tirade. They have left behind the security of working families’ incomes. They have left behind the pensioners who have to pay for power. They have left behind the farmers who have to pay for the farm. The Labor Party do not care. They are belligerent. They are going to move to this scheme unilaterally, without any desire to entertain an investigation of its consequences on the working families of our nation. The Labor Party were going to ease the squeeze on working families, but what they are actually going to do with this piece of legislation is put working families out of work. This is how they ease the squeeze on working families: they remove them from their jobs. I concur with the remarks of Senator Abetz. We will not be supporting this amendment.

The PRESIDENT—The question is that the amendment moved by Senator Xenophon be agreed to.

Question negatived.

Senator Xenophon—Mr President, may I note for the record that the Australian Greens supported this amendment.

The PRESIDENT—Yes, you may.

Report adopted.

Third Reading

Senator WONG (South Australia—Minister for Climate Change and Water) (9.23 pm)—I move:

That the 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) (Consequential Amendments) Bill 2009 [No. 2]; Excise Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2009 [No. 2] and Customs Tariff Amendment (Carbon Pollution Reduction Scheme) Bill 2009 [No. 2] be now read a third time.

At the outset of this debate, I urged this Senate and this parliament not to fall short on the great national challenge of climate change. The government urged the opposition to act not in the party interest but in the national interest, to look not at party political advantage or party political interest but at the national interest, because this is an issue of the national interest. How far short did we fall? How far short did this chamber fall? How far short of the mark is this Senate? How far short of the mark is the opposition? Who would have thought that not only would a party’s interest triumph over the national interest but an extreme wing of the Liberal Party’s interests triumphed over the national interest. What we know and what we have seen tonight in this place and in these last days of the parliament is the hijacking of the future and the hijacking of the national interest by extremists—people who will do whatever it takes to stop action on climate change.

What we have seen in this place and in this parliament in recent days is unprecedented. Who would have thought that a party would so want to avoid action on climate change that it would be prepared to tear down its own leader? Who would have thought that some with extreme views inside a party would have been so opposed to acting in the national interest that they would be prepared to split their party, that they would be prepared to campaign against their own party and their own party’s decisions in order to spoil any chance of acting for the benefit of future generations? That is what has hap-
pened in this parliament in this last week. That, I predict, is what most, if not all of them, will do tonight or when this legislation is voted on.

The laws on which we are about to vote give Australia an opportunity that has been a long time coming, because with these laws this nation has the opportunity to move forward. After a decade of inaction, after a decade of neglect and after more than a decade of looking backwards, we decided to turn from the past and to face a future where we gave our children the opportunities we want for ourselves—the opportunity to pay respect to this nation’s great gifts, to preserve them and to ensure they survive beyond our own generation and the opportunity to prepare Australia’s economy for the new global economy. This scheme is all about beginning a responsible transformation to a clean green economy. This is a process that will take many years but it is urgent that it starts now so that we can capitalise on the opportunities and keep the costs low. What we know is that delay will simply increase the price tag. We know that. We had how many years of delay under those opposite? It is 10 years since the first report on emissions trading was handed to those on that side of the chamber. Since that time, work has been done under Prime Minister Howard and under this government for the introduction of this scheme.

Let us remember that this scheme will enable this nation for the first time in its history to start reducing its contribution to climate change. That is what this scheme is about. By 2020 this scheme would ensure that we could take, for example, up to 138 million tonnes of carbon out of the atmosphere that otherwise would have been there.

There has been a lot of talk about jobs. Let us remember what the Treasury modelling told us: all major employment sectors will grow to the years 2020 and there will be an increase of 1.7 million jobs from 2008 to 2020 at the same time as we will be reducing emissions. What we know is that we can do this. We can grow our economy, we can increase the number of jobs in this nation and we can tackle climate change. But the reality is that those opposite will say and do anything to avoid action on climate change. I just remind everyone again, if we need reminding, of just how far to the extreme end of this debate they have gone. I remind them again of their policy before the election. On the front page of a newspaper was a picture of Mark Vaile, Peter Costello and John Howard—

**Senator Fifield**—They’re not in the parliament anymore, you might have noticed.

**Senator Wong**—This was your election policy. This was the election policy with which you went to the election. This is the commitment you made to the Australian people when you said, ‘We too will take action on climate change.’ What did you say in that policy? You committed to establishing an emissions trading scheme—what you described as the ‘most comprehensive in the world’—to enable the market to determine the most efficient means of lowering greenhouse gas emissions. That is what you committed to. Now John Howard looks green by comparison with this Liberal Party. This Liberal Party is browner than John Howard.

If these bills are voted down, the Australian people will know that the first act of Mr Abbott as Leader of the Opposition was to block action on climate change—that the first act of the newly elected Leader of the Opposition was to block action on climate change—and that will define his leadership, an action characterised by the extremists in his own party and an action that is a breach of your own election commitment. That is how his leadership will commence. His first
act: to seek to block action on climate change.

I have said for some time that, as we get closer to the possibility of action, those who have opposed this for years will get louder, shriller and more desperate. We know that they will do and say anything to avoid taking action on climate change. They have had three tactics: they denied the science—

Senator Bernardi—More myths than MythBusters!

Senator Wong—I will take that injection from Senator Bernardi, who is known for his measured and even-handed approach to this issue. They have three tactics. The first is denial of the science, as if we had not had enough warnings as leaders in this place—as elected representatives in this place of the Australian people—of what climate change means to us. Then, if that becomes too unpalatable, they try and hide behind delay. They say: ‘We’re rushing too much. We’re not thinking about this enough.’

After days in this place and the second time this bill has been before the parliament I do not think anybody believes there is any danger of the opposition rushing. Nobody believes that you are rushing. What you are doing is resisting every millimetre of the way.

Let us remember—and I have said it before and I will say it again—this legislation has been before this parliament in draft form first since May and it has already been before the Senate chamber. This issue has been the subject of 13 inquiries by House of Representatives, Senate and joint committees. On this issue—and I will come back to their third tactic—when people on the other side of the chamber ask for delay, there is really only one question they need to be asked: would anything change? With views such as the ones that have been espoused by your party and your members, does anybody honestly believe that more time would change your minds? It would not.

So the first tactic is denial, the second is delay and the third is, of course, the scare campaign, the last refuge of those who want to avoid action. It is a truism in politics that it is always easier to make people frightened than to inspire people to change. It is true: it is easier to frighten people than to inspire them to change. It is a mark of how desperate these extremists are that that is now where they are. They want to frighten people, they want to run a scare campaign and they want to tell untruths, as they have consistently done, about the science and about the implications of this policy, which was also their policy.

Opposition senators interjecting—

The President—Order on my left! For those wishing to participate in the debate, there is a third reading debate which you can participate in at any stage when you seek the call.

Senator Wong—Thank you, Mr President. As I said, it is always easier to seek to frighten people and run a scare campaign than to effect change. So we can expect a long scare campaign from those opposite, full of lies, full of misinformation and full of hyperbole. We can expect that and we know that. That is in many ways disappointing, but we will fight it. Both the parties of government went to the last election promising action on climate change. That the country is now back at a time where we are denying the science and being too frightened to act is really an enormous shame and one that stains the reputation of the Liberal Party.

We can expect phrases such as we have heard in the chamber from Senator Joyce and Senator Abetz, but of course what they never say, what they never tell Australians and what they never talk about is the cost of failing to act. They never talk about that. They
never talk about the effect on agriculture. They never talk about the increased droughts. They never talk about the extreme weather events. They never talk about the higher risk of bushfires. They never talk about the science. They never talk about the effect on Australia’s agricultural exports. Most of all, they never talk about what this means for the next generation.

What makes this reform difficult and why the parliament was called on to show some leadership is that this is a reform in which this generation of Australian political leaders is asking Australians now to do something to reduce the risk for their children and their grandchildren. That is not an easy thing to do. It does require leadership across the parliament. That is why the government in good faith sought to negotiate with those opposite. We understand this is a long-lasting reform. This is a difficult reform, but it is a reform in the national interest. That is why we sought to negotiate and come to an agreement.

We know there will be a scare campaign and there may well be a whole range of illusory policies that pretend to do something about climate change while not actually changing very much at all. I remind those opposite that even Prime Minister Howard was more honest than them in this when he said:

... the idea that you can bring about changes that are needed and which many people have advocated, without there being any impact at all at any time on the cost to the consumer, is quite unrealistic.

One of the things the coalition never answer is: what is the difference? What is the difference between the policy they took to the last election and our policy? They had the opportunity in this chamber to move amendments to this legislation to make it more like their ETS, the one they say John Howard would have introduced, but they did not choose to do that. The reality is there are no free rides when it comes to tackling climate change. It is not an easy reform; if it were easy, it would have been done. It has not been done because there have been too many people in this parliament and in the opposition, formerly in government, who have not wanted to act. The reality is that they are still blocking action against climate change.

It is disappointing for this nation that has looked to these parties to act on climate change to see the level to which the debate has now descended and to see the fact that there has been a hijacking of this debate by some holding extreme views, who are fighting the current and who are wanting to return to the past. I am reminded of the WorkChoices vote, where on the third reading I said, ‘We may lose this vote but we will not be beaten’. I say this to those senators opposite: we will not take a backward step. We on this side of the chamber will not take a backward step. We will not let these extreme views prevail. We will continue to press for action on climate change.

We made a commitment to the Australian people that we would act on climate change. It is a commitment we take seriously and, unlike those opposite, we are not prepared to abandon the future. We will not abandon action on climate change. We are not going to be spooked by the scare campaign that we know you will run, because we know that Australians want action on climate change. You are not good for action for the future; what you are good for is action for the past. You have demonstrated in this parliament in these last few weeks that you are truly a party of the past. We are a party and a government committed to the future. We will not abandon action on climate change. We on this side of the chamber will continue to act in the national interest and in our children’s interests for as long as it takes to deliver action on climate change because it is the right thing to do.
Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (9.40 pm)—First of all, I would like to thank the Australian Labor Party for doing something, and that is to unify this side of the parliament to take you on. It is this side of the parliament that is going to take you on piece by piece on every aspect of this. It is this side of the parliament that is going to take you on on how absolutely absurd this scheme is. Let us just start with the semblance of what this is. The minister has—

Government senators interjecting—

The PRESIDENT—Order! Senator Joyce, I will wait until there is silence. I sought that Senator Wong be heard in reasonable silence. I expect the same courtesy to be given to Senator Joyce.

Senator JOYCE—Let us go through piece by piece what the minister has said. She has said that it is the coalition, the Greens and the Independents who are going to mount this fear campaign. Let us hear what she has said over the last couple of days. She has talked about droughts. Will the ETS fix the drought, Minister? No, it will not. She has talked about the Great Barrier Reef. Will the ETS cure the Great Barrier Reef? No, it will not. Will the ETS stop Greenland from thawing? No, it will not. Will the ETS stop the Murray-Darling Basin in its reduction? No, it will not. Then she talked about deaths, the hundreds and thousands of deaths. Will the ETS stop that? No, it will not. Even in her closing speech, she talked about bushfires. Is the ETS going to stop the bushfires, Minister—is that what it is going to do? Is your ETS, conducted from your room in the bottom storey of a building in Canberra, going to stop the bushfires, Minister? No, it will not.

We have all the way through this debate asked you two clear questions which you have refused to give, been unable to give or avoided giving the answer to. We asked: how many parts per million will the Australian ETS reduce global emissions by? Gee, we have never got an answer—not once has she given us an answer. Calamitous statements in abundance, we have had those—calamitous statements that you can take the whole family out the dinner on—but she has never answered that question. She has never drilled down to the science. She has never been decisive. She has never once answered the question of exactly what this will do.

We asked the minister: how much will this ETS reduce the temperature of the globe by? Never once did she even attempt an answer because this is a Labor Party gesture for Kevin Rudd to go to Copenhagen with—that is all it is. This massive new tax that will be lumbered on the Australian working family will do nothing to change the temperature of the globe. It is the most self-indulgent, hypocritical statement by a government of this time, but the Australian people are awake to you and the gig is up.

We have asked what exactly this massive new tax will do. The minister talks about the 130 million tonnes that it will reduce global carbon by, but what is that on the scale of global emissions? How much has she reflected that to exactly where China or India are and what will happen if we do not have a global solution? She has refused to engage with the propositions from the conservative side of government, the Greens, the Independents and the people throughout the community who have a differing view to the government. She has never once clearly mounted a case as to why we cannot delay now for merely days till Copenhagen—merely days.

How conceited are you, Minister? How arrogant have you become? How belligerent has this Labor Party become? All the time you would taunt us, when we were formerly
in government, about arrogance, and it has
taken you merely a couple of years, and look
at what you have become: this arrogant mon-
ster that will not wait days till Copenhagen.
What is wrong with you that you cannot wait
days till Copenhagen? You refuse. Your bel-
ligerence has become so apparent to the Aus-
tralian people. You will not wait merely a
matter of days to go to Copenhagen.

We hear about your modelling. The mod-
elling is based on 2008 modelling, but the
minister refuses to concede exactly where
the modelling is. We have had Danny Price
and Frontier Economics clearly spell out the
holes that are in the modelling, but once
more we have absconded from dealing with
the reality that the modelling is flawed. Yet
we march relentlessly on. You will pursue
your course despite the expense to the Aus-
tralian economy, to Australian jobs and to
Australian working families.

You do not care about working families.
You were going to ‘ease the squeeze’ on
working families, and what are you going to
do to working families? You are going to put
working families out of work. You are going
to make pensioners poorer. You are going to
put farming families off the farm. That is
what you are going to do. That is the indict-
ment on you in relation to Australian work-
ing families: a massive new tax in every cor-
nor of their life, from every power point,
every time they iron their clothes, cook their
dinner—

Senator Jacinta Collins interjecting—

The PRESIDENT—Senator Collins, constant interjection is disorderly. Order!
You are entitled to be heard in silence, Sena-
tor Joyce.

Senator JOYCE—Thank you, Mr Presi-
dent. We know the Labor Party are girding
their loins, but I say to the Australian Labor
Party: bring it on. We will have the fight,
because we will say to the Australian public:

‘It is quite simple: if you don’t understand
this tax, do not vote for it. Do not vote for
this massive new tax.’ That is a clear repre-
sentation. We will say to the Australian pub-
lic: ‘If you believe that this massive new tax
is going to change the climate, go right
ahead.’ But we say to the Australian public
that this massive new tax is nothing more
than a self-indulgent, conceited gesture from
the Prime Minister, Kevin Rudd. This mas-
sive new tax has absolutely no capacity
whatsoever to do anything to the climate. So
we say to the Australian public, ‘If you do
not understand this tax, do not vote for it.’
We say to the Australian public, ‘If you do
not want to pay more for your power to run
your air conditioner, do not vote for the Aus-
tralian Labor Party.’ We say to the Australian
public, ‘If you do not want to pay more for
food, do not vote for the Australian Labor
Party.’ We say to the Australian public, ‘If you
do not want to pay more for the slab of
concrete to build a house on, do not vote for
the Australian Labor Party.’ We say to the
Australian public, ‘If you do not want to pay
more for the steel purlins and trusses in your
roof, do not vote for the Australian Labor
Party.’

The Australian Labor Party are a party of
big taxers and big government, a party that
will come into your wallets and rip the
money out of your wallets to put it in the
pockets of Mr Kevin Rudd and the Treasury.
But on the way through they will help the
brokers, the bankers and the bureaucrats out.
They are going to help them out, but they are
not going to help the working families out.
They are not going to ease the squeeze on
working families. So we look forward to the
election, because this will be a debate about
how much tax you can rip out of the Aus-
tralian working families’ pockets.

It has nothing to do with the climate. You
have never, ever, in your whole time in
committee, been able to prove a connection
between this tax and a reduction in global emissions. You could not do it. You refused to do it. Every time we openly questioned you on it, you just resorted to calamitous statements. When you cannot prosecute the debate, you resort to calamitous statements. Then you talk about the last election. If you believe the premise of our last election was the ETS that we took to the election, might I remind you that we lost? So, if that is the case, what an indictment it is on your proposition that we should continue with a policy that obviously did not obtain us the treasury bench! You believe it is so pertinent, but it has been rejected by the Australian people, and therefore the pertinent thing to do—

**Government senators interjecting—**

**Senator JOYCE**—Are you saying that the reason you won an election was an ETS? I thought you won it on IR, but apparently you won it on the ETS. Apparently that is the reason you won the election. Apparently the whole reason for the Labor Party to exist is the ETS. That is the Labor Party, ladies and gentlemen. That is the Labor Party to the Australian public: it is a representation of a massive new tax. That is what it stands for. That is what it is now standing for. The Labor Party is a massive new tax to be foisted on working families throughout our nation. That is what it has become. We will prosecute this debate that it is nothing more than a massive new tax. That is what it has evolved into. So now we have the global—

**Government senators interjecting—**

**Senator JOYCE**—Apparently it is about leadership. You see, because we cannot change things, it is about leadership. Mr Rudd is apparently going to lead the globe. Is that it? Is that what we have to believe now—that Mr Rudd is going to lead the globe? Well, this is interesting: the new concept of unilateral movement from Australia. So what is it that we have to wait for next from Mr Rudd? Is Mr Rudd going to have regime change in Zimbabwe? Is Mr Rudd going to change the lives of the people of the southern Sudan and expel the Janjaweed? Is Mr Rudd going to fix up the crisis in North Korea? What else can Mr Rudd do in the unilateral movement by Mr Rudd? He is a global leader! But he is a global leader in the amorphous and the nebulous; he is not a global leader in the actual. He cannot actually do anything.

Now we see him over in America, and we are led to believe that Barack Obama, who tosses and turns at night, will reach over, pat Michelle on the shoulder and say, ‘Michelle, I can’t sleep tonight because I’m so worried about where Kevin is on climate policy.’ Is that the new global paradigm—that Hu Jintao will be calling back his troops from the 60th anniversary celebration of the communist government and saying, ‘We’ve got to talk about Kevin’s climate policy,’ and that Manmohan Singh in India will say, ‘We’ve got 1.1 billion people in poverty, but we can’t go further because we’ve got to worry about Kevin Rudd’s climate policy’? I do not think so.

**Government senators interjecting—**

**Senator JOYCE**—You can interject and I can understand why you would, because you have been prosecuting this case, but the fact is that this massive new tax will not change the temperature of the globe. This massive new tax that you are putting on working families will put working families out of work, will make pensioners poorer and will put family farmers off the farm. This is when the reality of the economy comes up to mug you. The reality of the economy is that we are an exporting nation. We rely on the export, predominantly, of our mineral wealth. Yet what does this massive new tax attack—the capacity for us to export.
This is what we have. The Labor Party has said to us, ‘We will replace those mining jobs in Western Australia, those mining jobs in Queensland, those mining jobs in the Hunter Valley’—mind you, there are Labor seats in the Hunter Valley, including Minister Combet’s—‘the jobs of the working families in the Hunter Valley, the jobs of the working families in the Illawarra and the jobs of the working families in Dawson with green jobs.’

Government senators interjecting—

The President—Senator Collins, I have advised you before that it is disorderly to interject. To constantly interject is completely disorderly.

Senator Joyce—However, no-one, it seems, has ever met the people who have these green jobs. They are out there somewhere. It is like Alice in Wonderland. Somewhere out there is a person with a green job, but we never bump into them.

Where are these green jobs—the tens of thousands of green jobs that are apparently going to be created? You are going to replace the jobs of your working families and the jobs of your hard-working blue-collar workers with jobs for people who do what—build footpaths around duck ponds? There will be subsidised jobs for people who change light globes. We are seeing this sort of nebulous reconstruction of the numbers to try and proffer the government’s case, but where, exactly, will these people actually have work?

We have heard that apparently the coal industry is evil and must be killed, that we will remove it from our nation and that apparently everything to do with mining is evil. The whole premise of this debate is the need for a pricing mechanism for carbon and to price carbon out of the market. Unfortunately, our major export is carbon, but let’s put that aside. Let’s not worry about that. Let’s not worry about the reality of economics.

This comes from the Prime Minister who said that he is an economic conservative. What has the economic conservative done lately? The economic conservative has foisted this massive new tax on the Australian people without so much as one hour of an inquiry on the amendments—not one hour of a Senate Economics Legislation Committee inquiry on the amendments. That is what the economic conservative has done. With a $14 billion turnaround, we have not had one hour of an economic inquiry. Why—because he needs it to go to Copenhagen.

Let me summarise what Senator Wong has said. Her first argument against us in the debate was that it is a denial of the science. We do not deny the science. We do not even engage in the science. It is not a debate about science, Minister. It is a debate about the economy. It’s the economy, stupid. That is what this is about. It is about whether we can maintain working families in work, whether we can maintain pensioners in their homes, whether we can maintain family farmers on their farms and whether we can maintain Australian small businesses in business.

Next, she said that it is about delay. We are just delaying, she said, yet she is not prepared to wait a matter of days until Copenhagen. How conceited and arrogant the Labor Party have become. They are not prepared to wait a matter of days until Copenhagen. Then we heard the minister talk about ‘13 inquiries’, but never once did she mention the fact that, with a $14 billion turnaround—an $8½ billion increase in costs and a $5½ billion reduction in costs—she is not prepared to have one hour of an economics inquiry.

The final argument was that the coalition’s position was premised on a scare campaign. In fact, the mother of all scare campaigns has
been mounted by the Australian Labor Party. Every time you get yourself into a corner where you cannot answer the economics questions, you revert to questions about Greenland, questions about the Arctic, questions about the Antarctic, questions about drought and questions about global warming, but you never answer the fundamental question: how many parts per million does your scheme reduce emissions by? You will not answer it.

This is a poorly thought out scheme. It is too poorly to be implemented. It is going to leave our nation poor. I thank you, Minister, and I thank the Labor Party for having the capacity to come up with such a ridiculous scheme. Now it looks as if you propose—and we can only hear what you are saying—to go to an election on it, possibly. I welcome that opportunity and we on this side welcome that opportunity. We welcome the opportunity to go to the Australian people to clearly spell out to every man, woman and child that what the Australian Labor Party proposes for the future of our nation is a massive new tax. This is their grand vision—a massive new tax on every corner of Australian life. This is a massive new tax which you cannot get away from. From every power point of your house comes a massive new tax. When you watch your television, there will be a massive new tax. When you iron your clothes, there will be a massive new tax. When you cook the dinner, there will be a massive new tax.

You cannot get out of this massive new tax. This massive new tax, once it is in place, is a property right. You have to live with it. As far as Australia is concerned, once the massive new tax of the Australian Labor Party, known as the ETS, is in place, it is there forever. We cannot get rid of it. It is a compensatable property right and we do not have the capacity to pay for it. Under this massive new tax of the Australian Labor Party, they will be signing us up to an agreement as a result of which we will be borrowing money from China to pay the interest to China to develop China. That is one of the examples, in minuita, of how patently absurd this scheme is. Under this scheme of the Australian Labor Party, we will be borrowing money from China, from Japan and from other nations to send to Robert Mugabe. Why? I do not know. They just conjured it up. This is part of the scheme of the Australian Labor Party. This is what they want to do. This is how they are helping you, Australian working families.

This is what they are going to do and, every time, they will say it is in order to reduce the temperature of the globe. Surely that is what this debate is about, yet never once has the minister been able to quantify and be decisive in her answer. She has abscended from the reality of the answer.
cannot do it without a team, and they have been unrelenting in their support.

Most importantly, I think we have to thank the Australian people. The response from the Australian people who have spoken and changed the direction on this, and it is absolutely humbling to see the tens of thousands of emails we have received. The Australian people are going to be the greatest winners on this, and I thank them for their support.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10.02 am)—We have before the Senate the government’s Carbon Pollution Reduction Scheme legislation which has ‘failure’ written over it in terms of tackling climate change but which is nevertheless a response to what the opposition and the last speaker have described as the greatest infrastructure change in Australia since the Second World War. The problem that confronts both the government and the opposition today is that they reached a pact which, in the centre of it, transferred $24 billion from Australians to the big polluters in compensation for their polluting activities, which are at the core of climate change threatening the planet.

In amongst this arrangement which the opposition made but is now going to vote against—in other words, the amendments to the government legislation from the coalition accepted by the government, which the coalition is now going to vote down itself—is a transfer of $6 billion from Australian households to the big polluters. It shows the power of the coal industry, the aluminium industry, the cement industry, the logging industry and the big polluters over the two big parties in this parliament, against the interests of the average Australian.

That transfer of $6 billion from households to the big polluters, under the duress of an opposition which is now saying it is going to vote even against that, was a monumental mistake by the government, which should instead have been negotiating with the Australian Greens. We have in this legislation a suite of amendments put forward by my colleague Senator Milne on behalf of the Australian Greens which would have made this truly world-class legislation for tackling climate change. At the heart of those amendments is a target to reduce greenhouse gas emissions by 25 to 40 per cent of 1990 levels come 2020. That target is set by the world scientific nous in 2009, the Intergovernmental Panel on Climate Change. What the Greens have put to this parliament is coming from what the world body of expertise is saying is appropriate action—and minimal action at that—if we are to tackle climate change.

I remind the chamber of Sir Nicholas Stern telling this parliament and this nation two years ago that, if we do not act on climate change, our children and grandchildren will pay the penalty. Sir Nicholas, who we heard again yesterday talking about the need for appropriate and proper action, has pointed out that what is required is a commitment of two per cent of gross global product to tackling dangerous climate change now and that, if we do not do this, our children and grandchildren will be facing a six to 20 per cent diversion of their wealth—shared with a much greater population on a much smaller resource base on this planet—50 or 100 years from now.

I know the Prime Minister has said that we must act for our children and our grandchildren, but the question is: do we act according to the world’s brains trust or do we act according to the pressure of the big polluters? The government chose the big polluters, and when the opposition got into the
negotiating room with the government it went even further in the direction of the big polluters, against the interests of the children and grandchildren that the Prime Minister was talking about.

We contacted and spoke with the Prime Minister and the Minister for Climate Change and Water in the negotiating process, where effectively the government decided that it was going to court the coalition to come to an agreement in this parliament. It was a disastrous tactic, as we are finding out now, with a coalition overtaken by the sceptics, which is going to renege on that agreement. On 5 November, after a meeting with the minister for climate change, Senator Penny Wong, I wrote: ‘Thank you for your recent meeting to discuss ways forward with the climate change legislation. I have taken to the Australian Greens party room the government’s proposal that the Greens amendments be negotiated, except the all-important targets for greenhouse gas reduction—the government’s five to 25 per cent, the Greens’ 25 to 40 per cent. The Greens have set no equivalent precondition. The Greens position is affirmed; we are ready to negotiate the whole package but want the fundamental targets included in that negotiation. We understand that the government insists on not negotiating its targets. Nevertheless, we ask you to reconsider so that a search for reasonable compromise can be undertaken with full goodwill on both sides.’ But this government refused. It was being selective and it refused to look at the fundamental of tackling climate change, which is setting targets which the scientists tell us must be at least 25 to 40 per cent for developing countries like Australia.

At stake here is the future of this nation, which is more vulnerable to climate change than any other nation on earth and which is already experiencing damage to its economy, damage to its lifestyle and damage to its environment second to no other country on the planet except, perhaps, our neighbouring small island states, which have their whole future at stake. Isn’t it significant that when it comes to the Abbott coalition taking up this final debate on this all-important matter, more important than any other before this parliament this year, it was not Senator Nick Minchin, Leader of the Opposition in the Senate, who got up to speak? It was not Senator Abetz, Senator Parry, Senator Brandis or any Liberal on the front bench. They put it across to the tub-thumping Leader of the National Party, Senator Joyce. This is Senator Joyce, who has taken his National Party from being a defender of the bush to being a defender of the big coalminers. This is Senator Joyce, who was behind—until we came to the change of leadership this week—$5 billion going from households across to the big coalminers but has now been at the forefront of scepticism and the scuttling of the agreement made between the Rudd government and the then Turnbull opposition.

The National Party now runs the coalition here in the Senate, and I note the new Leader of the Opposition, Mr Abbott, taking up the National Party rhetoric on climate change about taxes. Let me look at the tax that the National Party, and the Liberals now following behind it under the leadership of the new, far-right Mr Abbott, will put onto the people of Australia. It is a tax that is not in the future but is being paid now. There is extreme damage to the Murray-Darling Basin and other food-producing areas of Australia. The predictions, under the current scenario of climate change, are that productivity in the Murray-Darling Basin may fall by 90 per cent this century as the climate heats up, the air dries out and the productivity is robbed from those thousands of farms in the Murray-Darling Basin. That is 128,000 jobs put on the road to elimination by this Na-
tional Party leading this Liberal Party in this coalition.

The new coal—C-O-A-L—ition has its sights, through even better conditions than the government would have given with its $24 billion to the big polluters, on enhancing coalmining and coal exports. I would remind the chamber again that this is the economic reality, in Sir Nicholas Stern’s words, that the National Party and the Liberal Party refuse to face up to. Sir Nicholas Stern talked about a free market. People should pay for their actions, for the damage they do.

Let us look at the Great Barrier Reef, which is now on death row because of the National Party and the coalition. The Great Barrier Reef, on even chances, will be 90 per cent dead by mid-century due to two factors: warming of the oceans and acidification due to greenhouse gas pollution. This is the Great Barrier Reef and 63,000 jobs. There are 30,000 jobs in the whole of the coalmining industry in Australia, 75 per cent owned outside this country. There are 63,000 jobs on the Great Barrier Reef and they are jobs owned by businesses, including small businesses, largely in Queensland and also elsewhere in this country, and they are being sacrificed to a slow death by the National Party and the coalition—a $5.6 billion gem, an Australian heirloom, being put to sacrifice by this mob of sceptics.

We are now told that sea level rise is going to be twice as fast as was previously thought: 700,000 Australian households and small businesses in the main on the Australian coastline are threatened by sea level rise this century. That is the tax of this National Party and this Abbott led coalition that people are already paying and are going to pay in bigger measure in the coming decades. The ski fields of Australia are going to be eliminated this century. That is the tax of the Barnaby Joyce led National Party and the Liberals on the people of Australia.

The ACTING DEPUTY PRESIDENT (Senator Moore)—Senator Brown, I remind you to call him Senator Barnaby Joyce. Use his title in your discussion, rather than just using his name.

Senator BOB BROWN—I am very happy to use Senator Barnaby Joyce’s title and remind him that it is the one thing that will defend him against the oncoming onslaught the National Party is going to get from the Greens. By the way, let me tell my colleagues to the right here that the Greens have overtaken the National Party in voter support right across rural and regional Australia, and that is because the people out there know what is happening to their land and they know who is actually now defending the farmers and the farmers’ interests in this country—it is the Greens, while the National Party has gone holus-bolus across to the miners. Mitch Hooke has more influence on their policy than the honourable Senator Barnaby Joyce. I have not got a title to put in front of Mitch Hooke that might be presentable to you, Madam Acting Deputy President, in this Senate. This is the National Party that sold out on the bush and the tax it is going to put on the bush is accelerating climate change, loss of rainfall, drying out of the atmosphere, worse bushfires and sea level rises. That is the tax of this coalition, which has handed across leadership at least in this Senate to the National Party as of yesterday.

What about the hundreds of jobs and the millions of dollars of investment in Australia’s ski fields? They are already being lost. We are already seeing the exodus of skiers from Australia as the ski fields cannot provide what they used to just a decade or two ago because climate change is playing its wrecking role on the economy. It is another
tax from the National Party and the Abbott led coalition on the people of Australia, and it is not just a tax in monetary terms but a tax on jobs, a tax on lifestyle, a tax on the environment and a tax on security in the future. That is the tax that we will not hear about from the honourable Senator Barnaby Joyce, but I can tell you that I will be in Queensland telling the people about this high-taxing National Party that wants to tax every area of living, not just your pockets but your lifestyle, your security and your jobs through inaction and studied reaction to climate change—a tax that is simply going to line the pockets of the polluters in the years ahead.

In leading this debate, the honourable minister said to the Senate that we should and can do better, we should not fall short and we must take responsibility here and now. I say to the honourable minister: we agree. We should not fall short, as this legislation does. We should not be going for a five per cent target when a 25 per cent minimum is what is required. We should be reorienting this nation’s economy to the clean green future that is going to see it leading rather than being held back in the industrialised centuries of the past. We should be ensuring, as Germany has done, that we regulate this economy so that everybody pays their due but the polluters in particular are not rewarded, as this legislation will do.

While we did not get the figures out of the government in the committee stage, there are well over $100 billion of rewards to the polluters over the coming decade. We have locked in targets that cannot be altered from five per cent without a constitutional challenge, which would take billions more out of the pockets of Australians—talk about taxes—and given to the coalminers and the polluters in the coming decades. Why would the Greens go into a Faustian bargain that the government made through deliberation under the pressure of the big polluters? If it is found, as we who listen to the common-sense science around this planet have suggested it will be, that climate change is going to impact on the world in a way that requires we go not just to 25 per cent but 40 per cent in the next decade, why would we lock the people of Australia into legislation which says that under those conditions the polluters will be able to sue the Commonwealth for billions more—money which will then not available for schools, for hospitals, for fast, efficient and clean transport, for job creation and for making this country the renewable leader in the world?

At the end of the day, we have to face a double reality. This nation is already being impacted upon by disastrous bushfires, more frequent and strengthening cyclones, sea level rises, drying out of its agricultural lands and increased storm damage to its cities because of climate change. It is paying a very big tax indeed and it is being robbed of hope in the future by the Luddites. The head-in-the-sand attitude that is exemplified by this Abbott opposition is only going to get worse as we hear the tub-thumping from the deniers and sceptics of the opposition in the coming months.

We do not believe there should be a double-dissolution election if this legislation fails to pass this parliament. We believe the government should run its full term, but we Greens are in here to act on common sense and a responsible response to the challenge of climate change. We proudly do that. We will take that to the people of Australia. We will take that to the people of Higgins and Bradfield this weekend. We believe the people of Australia have more common sense than there is on the opposition benches when it comes to climate change, and we will support that common sense. *(Time expired)*

**Senator FIELDING** (Victoria—Leader of the Family First Party) *(10.22 am)*—
Firstly, the Carbon Pollution Reduction Scheme is very difficult. Why is it difficult? Because it polarises people. It is divisive and political, but there should be a policy based decision-making process. It is an economic issue and it also is an environmental issue. There are people in Australia that have serious concerns, and those concerns should be looked into before we make any decision in this parliament. Secondly, I believe I am one of the few parliamentarians that have taken an open mind to this whole issue of climate change. I, like many Australians, started out believing that the scientists must be right and that, without a doubt, carbon dioxide must be driving climate change. But people came to me, and my own staff said, ‘Are you sure?’ When I reached the point where I said, ‘I’m not 100 per cent certain,’ I decided to go on a self-funded trip to the United States to hear both sides of the debate.

When I came back from that trip I brought back with me a couple of key questions that I think the Australian public are also interested in. I engaged with the Rudd government for a week before they decided that they wanted to disengage because they were having trouble answering the questions. It may be an inconvenient fact, but carbon dioxide emissions have been going up rapidly over the last 15 years while the corresponding global air temperatures, on the data that is also used by the IPCC, have not been going up as predicted. Someone has to answer that question, and the Rudd government failed. Those questions are on my website for all to see.

Where are we at? We have time to get it right. There is a growing concern in Australia about rushing ahead. For what benefit? Should we rush ahead and ignore genuine community concerns? When I talk to people on the street, there are three genuine concerns that a lot of them have. One of them is about rushing ahead and committing Australia to targets before we know what the rest of the world is doing. This will clearly put up the cost of doing business in Australia compared to other places. It will also drive down our competitive advantage. It will impose a massive tax on ordinary Australians. For what benefit? Going alone is risky, and Australians are getting more and more concerned about rushing ahead. That is one issue that many have.

Another issue that others have is in regard to the Carbon Pollution Reduction Scheme and its costs and benefits compared to any other scheme. That debate has not really even been had. The third concern that many Australians have is about the science and the question that I have just put forward. As more and more people start to grapple with this issue, they want to make sure there is a decent debate about the science and the pros and cons. All too often in this debate someone questioning the science is immediately labelled as a sceptic. How does that help the situation? How does that help to have a genuine debate in Australia?

Senator Barnett—It doesn’t.

Senator FIELDING—It does not help in any way whatsoever. They are serious questions. The chart I refer to is simple and contains the data that even the IPCC reference. It is the gold standard for the IPCC. That chart’s global air temperatures are the ones that the IPCC use, and over the last 15 years they have not been going up the way they predicted. Surely that deserves a credible discussion, not the discounting of those who raise it by saying, ‘You’re asking a question; you’ve got to be a sceptic.’ We have to stop that debate and allow people to question.

The next thing the government say is, ‘If you feel concerned about rushing ahead and going alone before the rest of the world, you’re a sceptic.’ Well, there are a lot of sceptics now, because a lot of Australians have that concern about rushing ahead before
the rest of the world. Asking questions is part of democracy, so you should not discount and devalue people because they have asked a question. You should engage in a proper process. These three questions have reached a political impasse in parliament. That is the reason why I suggested that we use external, non-political bodies to look at those three issues: to look at whether going it alone is reckless, to look at the costs and benefits of other schemes and also to look at the science behind climate change.

We have time to get it right, and we need to spend that time. If the US rushed and forced a vote in its Senate, the vote would be no. This government is forcing the vote deliberately, and this Senate will do the same thing and vote no. It is reckless to rush ahead when we have three questions. These are very simple questions, but a lot of Australians have one or more of those questions in their mind. It is wrong to rush ahead and not give time to allow those questions to be looked into through a non-political way that can allow Australians to engage in the process rather than through the political theatre of parliament. Quite clearly we have a roadblock, and that is the reason we need to make sure that we get it out of the political system and refer it to non-political bodies.

What is the rush? This deadline is about our Prime Minister going to Copenhagen. It is a political deadline. A policy deadline would say to get the decision-making process right and to look into those three issues and make sure. There are no prizes for going first; Australia will be a loser. That is not right and it is not the fair thing to do. Leaders have called for rigorous scrutiny. It warrants, then, non-political bodies spending the time to look into those three key questions. Leaders have called this the most important public policy of our times. We have, then, the time to look into those three core questions. Leaders have claimed it is a risk management issue. A risk management process would say to spend the time on those three core issues.

I do not see what the rush is, because, if you believe what the government is saying, if Australia goes it alone then there will be no environmental benefit. You cannot have it both ways. It is risky. Risk management would say to do more homework and not to make sure that we discount people’s views by labelling them as sceptics. I think I have proven that I am genuine on this issue. I am happy to be persuaded, but you need to make sure your arguments are strong. The issue that we have here is that it is a massive tax, and if the Carbon Pollution Reduction Scheme were passed then there would be no benefit to the environment as far as what the government is claiming as climate change is concerned. The Carbon Pollution Reduction Scheme makes the GST look minor.

I believe that we owe it to the Australian people to spend the time. The US has been looking into this issue in its Senate over a decade. It has had multiple bills and multiple times they have not got through. Why? Because it is prudent. It is the right, risk-managing thing to do to make sure that we proceed once we have looked into these three core questions. The question about going it alone is what cost there will be to the economy. People are really nervous about this. They are nervous about paying more for everything. Small businesses, rural and regional areas, mums and dads, pensioners—everybody is going to be slugged, and what the government is not telling you is that there will be no net benefit to what they claim is addressing climate change. They have to come clean.

The second issue is that they seem to want to refuse to consider the costs and benefits of any other scheme. That is reckless. The other issue is the science. For an example, let us
have a think about the Waxman-Markey legislation. I raised this issue first on Lateline. Waxman and Markey know there is an economic risk to committing to targets, because they had in their legislation a tax on people who do not have the same scheme. They know it puts them at a competitive disadvantage. In the Waxman-Markey legislation there is a so-called ‘import tax’ on products from countries that do not have the same sorts of scheme or targets. The reason is that it will put any economy going it alone at risk.

I urge senators. How can you vote for the Carbon Pollution Reduction Scheme when so many Australians have questions—questions about going it alone and committing, questions about other schemes and questions about the science? It would be reckless to vote yes for this legislation. I urge the Senate to vote no to this Carbon Pollution Reduction Scheme.

Senator TROETH (Victoria) (10.37 am)—I rise today to indicate support for the amended Carbon Pollution Reduction Scheme Bill 2009 [No. 2] and related bills. Firstly, I would like to put on the record that my party, the coalition, has a long and proud history of protecting the environment and protecting jobs. The one advantage I do have in this chamber is that I have a greater longevity than probably most people in the chamber and a greater lifespan. Having lived on the land for 30 years and also having lived in cities, in that time I believe that the climate has changed substantially. In particular, rural areas have changed sufficiently that agricultural enterprises of a region have had to change as well. Droughts are longer and rainfall has dropped. For instance, in the farming area where I lived in Western Victoria, the rainfall when I went to live there in the mid 1960s was an absolutely permanent 33 inches—dare I say it, on the old scale—every single winter, and you could not drive trucks in the paddocks between May and September. The rainfall in that area has now dropped to about 19 or 20 inches, which is a substantial drop, and the fact is that many livestock farmers have been able to change their farming practices to cropping, something that would have been quite out of the question in previous years. The severity of weather events is also much greater than it was in earlier years.

I have not always been convinced. I, like most Australians, have had to be convinced that there has been climate change and that humans were the principal cause of the additional warming the world is facing. I point out that since 1950 the world population has trebled. If that has not had some influence on the way our climate and atmosphere works, I would like to know what has. When I considered my own personal observations, combined with what I believe is the sheer weight of evidence from an overwhelming number of scientists and science academies, it became clear to me that we must act on climate change—and it is churlish and irresponsible to say that because there is disagreement around particular aspects of climate science, the whole of the science is discredited. That is not how science works. Science is constantly refined and expanded upon as more information becomes available and discrepancies between theory and observation are investigated and resolved. The fundamental criticisms that some of the sceptics have levelled against the science have not, I believe, stood up when they have been responded to. In short, I believe that there is global warming, that greenhouse gasses generated by humankind are the principal source of the excess of the greenhouse gasses, and that we need to take steps to remedy this or there will be severe economic, social and environmental consequences, both immediately and increasing in severity in the future.
I am not a scientist, and I do not seek to rebut every single claim made by people who disagree with the climate science. However, with one possible exception, none of my fellow members of parliament are scientists either, and I believe that we have to rely on what I would call learned authority to make our own best judgment on this. I would like to make some general points, though, so that the Senate can understand the type of information that informed my choice. I do apologise for the paraphrasing of the information—as I said, I am not a scientist. Some claim that there is a natural cycle, that earlier periods have been warmer, that water vapour and urban heat islands are more important than carbon dioxide, and that carbon dioxide is a natural and important part of the life cycle of the planet. To my understanding, these claims are more or less true but, as usual, the devil is in the detail. Just to compare the impact of human activity, volcanoes are cited by some as a major emitter of CO2, and I understand that they were an essential element that led to the warming of the earth that allowed life on earth to begin. Volcanic activity worldwide produces annually approximately 200 million tonnes of CO2. Human industrial activity produces 24 billion tonnes. Humans produce 100 times more CO2 than what was needed to thaw the ice age.

There have been and there continue to be natural heating and cooling cycles in the climate. The CO2 levels have risen and fallen as a result of these cycles, and CO2 is an important part of the natural greenhouse effect that allows life on earth to exist. The levels of CO2 have sometimes led and sometimes lagged behind temperature changes, due to basically a feedback loop, and it accelerates the direction each variable is heading in. Previous warming periods have either not been as warm as the period we are in, or the hotter heat levels have not been as widespread. Rather, they have been localised to a particular hemisphere and largely offset by cooler temperatures elsewhere. But I firmly believe that what we are currently witnessing is a consistent widespread heating. Water vapour, urban heat islands and regional variations have been accounted for in the projections and observations and, while they do play a part, they do not represent the cause of the change. They have been present for long periods of time and have had a constant effect. The issue is what is causing the change to a sustained heating period. Overall, it is the combination of scientific factors that makes the need for action so compelling. The extent, the speed, the severity and the potential consequences mean that, even if you accept there is only a small chance of these factors, we should take action. It is my belief that there is a strong likelihood that these consequences will come to pass if we do not take action.

There are not only environmental concerns to consider. Many people have spoken about the costs of action. Quite simply, there are costs for inaction as well, and while this legislation may be flawed in many ways—it has been amended by the very substantive efforts of the coalition—we will all ultimately have to accept that to a greater or lesser degree we will all pay in some form or another to combat global warming. There are costs for inaction, and it is not just from the human effects on the climate. I believe business is already of the view that there will eventually be an ETS of some description at some point in the near to medium future. The energy generators, the distributors and other businesses that depend on the reliable supply of electricity are holding back on the necessary investment needed to guarantee that supply. Tens of billions of dollars in that sector alone have been put at risk because up till now we have not made a decision; and that is leaving alone the lack of investment in other
sectors of the economy, all of which need to know the details of any such scheme.

To my mind, they are not particularly fussed about the basic mechanics of one type of scheme as opposed to another. Yes, we need to ensure that there are adequate protections and that the scheme is suited to Australia’s needs. But we all know that the scheme will eventually be some kind of cap and trade. The important part is to finalise the details, even though they are on a broad level, and to enact the legislation so that business can plan for the future with confidence, knowing what their obligations are and what investment decisions they need to make to remain viable and to maintain supply. These projects have long lead times and massive budgets. We cannot leave these businesses stranded for another six months before they can start making those decisions. That is as much a risk to jobs as any other aspect of this legislation.

There is also considerable focus on the impact of the scheme upon people’s costs and livelihoods. I believe that the amendments negotiated by the government with the shadow minister, Ian Macfarlane, have gone a long way towards protecting people’s jobs. As for higher costs, ultimately that is the purpose of introducing a carbon price. By having a price on carbon, people can decide whether they really want to use these carbon-intensive products. It is an effort to move people away from carbon towards other alternatives, and the most effective and efficient way to do this is through a price signal. The other consequence of the price signal is that it makes alternative sources of energy viable, and I am strongly of the belief that the nature of public opinion is changing as more people accept that carbon based energy is less desirable.

I also believe that the only way Australia can secure her long-term economic and environmental future is to encourage and embrace nuclear power. I think this realisation is dawning on many Australians as this debate goes on. I say, ‘Shame on the Labor Party,’ who for decades, and in the last election, ran a massive and unwarranted scare campaign on nuclear energy. It is you who have put our future at risk by closing off an important option in nuclear power. We cannot seriously prepare our economy for the long term without the nuclear option as part of our armoury. The damage that the ALP has done in the public mind will take a significant amount of time to unwind and to allow the facts to become cemented in the public mind. I urge the ALP and the Labor government to declare that they are now prepared to engage constructively in the nuclear power issue without raising hysterical, inaccurate and populist objections and to take the responsible course—as they know they eventually will have to do.

That has been difficult for my party, and the Labor government will find it a hundred times worse when eventually they are mugged by reality and realise that they are not credible on the environment until they embrace nuclear power as well as a long-term baseload energy provider. I also believe that that while having a global agreement such as the one foreshadowed at Copenhagen is desirable—indeed, preferable—we may not have that option. I hope that a framework is put in place at Copenhagen so that the millions of carbon emissions generated by the 16½ thousand attendees at that conference will pay its way in terms of proper activity. Somebody has to make the first move—not to mention the bottleneck in investment mentioned before. Australia should be a world leader in this area as it is in other scientific endeavours.

I conclude by saying that it is my belief that my party will be stronger for the struggles of this week, and I say that in the plural.
We do hold different opinions within our party, and I am pleased that my opinion and that of others can be accommodated. It has to be a vital part of modernising our party, making us relevant to mainstream Australia and forming the character of the next Liberal government rather than reflecting the biases of previous governments.

Should the passage of this legislation occur or not, it will still be a momentous day for our country that we have had this debate. Each of us will be judged by history for the decisions we make. I urge senators who are inclined not to support these bills to consider that if people like me are wrong there will be many great gains achieved nonetheless. And if people like me are mostly correct then we could achieve one of the most important reforms in our nation’s history.

Senator MILNE (Tasmania) (10.50 am)—I was very interested in Senator Troeth’s remarks, and congratulate her on the comments that she just made. I would like to say that the comments that were made by Senator Fielding and Senator Troeth actually point to the problem that we have here in this Senate.

What we are debating is whether the science of climate change is real or not, and that debate is over. The debate we should have been having in this Senate is a recognition that climate change is real and urgent and what the most appropriate policy response is to that reality of climate change. That is what the carbon pollution reduction scheme was about: is this an appropriate response, and is this the correct policy response to climate change? But instead of that it has become a de facto debate between, on the one hand, the climate sceptics—and they are not sceptics but actually deniers, because scepticism has an honourable reputation whereas deniers deny the science—and on the other hand climate hypocrites. I think that climate hypocrites are worse in many ways because they say they accept the science but then do not adopt the appropriate policy response to that science. They actually mislead people into thinking that what they are saying and what they are doing are the same thing.

We have the rhetoric of climate change from the government, the Prime Minister especially, but we have not had the action that gives effect to the rhetoric. That is where the problem lies in this debate. I would like to come back to the fundamentals here and put on the record that we have a climate emergency. In every science report that comes out—about the level of melt in Antarctica, about the loss of the sea ice in the Arctic, about the loss of glaciers, about acidification; it does not matter which scientific report you look at—the situation is worse. It is worse than what was predicted by the Intergovernmental Panel on Climate Change. It exceeds even the worst scenarios. We have a very limited carbon budget for this century if we are to constrain global warming to a level that will give us a reasonable chance of continuing with a safe climate. This is about risk. The government says, ‘We could lose the Great Barrier Reef,’ but, as my colleague Senator Bob Brown said, the reef is on death row with the legislation that we have here because of the risk of exceeding two degrees. The Rudd government’s legislation locks in failure to 2020.

We are going to Copenhagen in a few days. Let us actually get on the record what this is about. The United Nations Framework Convention on Climate Change was signed as a global treaty to address climate change. The Kyoto protocol was a protocol under that treaty, and the bargain of Kyoto was that countries would reduce their emissions first and then developing countries would come on board. Bali was a road map to Copenhagen, and in Bali the world agreed that a reduction in emissions from developed coun-
tries of 25 to 40 per cent below 1990 levels by 2020 was required in order to avoid two degrees. That situation has become worse, not better—in other words, more stringent rather than less stringent.

The second part of the Kyoto protocol understanding was that developed countries would assist the developing world through technology transfer and financing mechanisms. The government’s legislation, through its weak target of five to 25 per cent, thumbs its nose at the rest of the world in Copenhagen by saying Australia will not even do the minimum of what the world says is required from developed countries. If we had locked that in, we would be taking to Copenhagen a situation where we undermined the capacity for a global treaty capable of delivering us a chance of avoiding catastrophic climate change.

The second thing on the table in Copenhagen is the financing mechanism, and during the debate on this bill I moved an amendment to the objects clause that made it clear we had an obligation to deliver on a funding mechanism. The Prime Minister went to the Commonwealth Heads of Government Meeting, but it was Gordon Brown and President Sarkozy who put on the table the finance that the Commonwealth countries agreed to. Australia did not put a figure on the table and still has not, in spite of the developing world making it clear there will be no agreement in Copenhagen unless the developed world accepts an average cut of close to 40 degrees by 2020 and there is money on the table. That money has to be in the vicinity of at least $10 billion as start-up cash every year out to 2012 and $100 billion per year by 2020.

This legislation locked in failure because it locked Australia into adopting a target of five to 25 per cent—in fact it is four per cent below 1990—out to 2020. That is beyond what the IPCC said, which is that global emissions have to peak and then come down by 2015. Now scientists are saying we have missed that deadline; we will have to make 2020. But every time they take out a deadline it means we run a higher and higher risk.

The minister herself said that the legislation aims at giving us only a 50 per cent chance of avoiding catastrophic climate change. That is why Australia’s leading scientists—people like Graeme Pearman, Will Steffen; any number of them—say that 350 parts per million is what we should be aiming for as a long-term trajectory in order to give ourselves a greater than 50 per cent chance of avoiding going over that two degrees. Now scientists are recognising that two degrees is too much, which is why, at the Commonwealth Heads of Government Meeting, the developing countries tried to get 1.5 degrees on the table. Who blocked the move by the developing countries to get a safer climate on the table? I would like to hear from Prime Minister Rudd why, in the communiqué from the Commonwealth countries, it says, ‘Some of us say 1.5; others of us say two degrees.’

At the Pacific Islands Forum in Australia this year, Australia, at the leaders’ level—so at the Prime Minister’s level—blocked the Pacific Islands countries putting on the table cuts of 40 to 45 per cent under 1990 levels by 2020. They said: ‘We are drowning in our own backyards. Our people are dying. Who will take our people?’ Australia said, ‘No, we are not having that in the communiqué; take out the targets in the communiqué,’ and blocked consensus for those Pacific Islands countries.

We have a proposition from the government that the Carbon Pollution Reduction Scheme is action on climate change. It is a fake claim. It is a fraud for anyone who understands the climate science. That is why I
say the government understands the science but it has not been prepared to take the systemic, whole-of-government approach that is required. On the second part of it, what is real action on climate change? It is whole of government and systemic. It is meant to transform the economy. That is what the Greens have been arguing for. That means a whole-of-government approach. It means, firstly, stopping the logging of the greatest carbon stores in the Southern Hemisphere. You could do that tomorrow. Land use is a significant component of action on climate change. You could do that tomorrow. Secondly, it means having a high enough target, a high enough carbon price and a system with auctioning of permits so that you drive transformation to renewable energy.

This Carbon Pollution Reduction Scheme locks in coal fired power in Australia out to 2020 with massive compensation provisions for coal fired generators for loss of asset value. You will not find an economist anywhere who will say that this scheme is economically efficient. It is economically flawed in the extreme. As Professor Garnaut said, ‘Never have so many people been rewarded in such a way under this scheme and that provision.’ He pointed out the same thing in terms of the compensation on the energy-intensive trade-exposed, saying they should only be compensated for their trade exposure, not for their loss of profitability. The Greens agree. We moved amendments which are economically rational and which would have made an emissions trading scheme work. We would have put in a high target. It would have delivered a high carbon price. It would have delivered the transformation that we need to the new, green jobs economy.

We want to see the rollout of renewables. We want to see energy efficiency. We want to see carbon stores protected. We want to see a massive investment in public transport. We want Australians to be healthier and happier, with a greater prospect of a safe climate. This legislation does not do it. In the minister’s remarks—and as Senator Brown said a little while ago—she said: ‘Falling short. How far short has this Senate fallen?’ It has fallen short because we have ended up in this pseudo debate about the science instead of a debate about the shortcomings of a Carbon Pollution Reduction Scheme as a mechanism for reducing emissions to the extent necessary that avoids catastrophic climate change.

We have to look at where we need to be in the future. We have to recognise that we are talking about the future now, because this scheme which is not environmentally effective or economically efficient is gone. But the Greens remain totally committed to taking whole-of-government, systemic action to address climate change and to meet deep cuts by 2020. We will work with the government to do that and we have made that clear throughout. As Senator Brown read out in the letter, we made that very clear to the government. We are prepared to negotiate with the government. It was the Prime Minister and the minister who said, ‘We will not negotiate your amendments unless you agree that we are excluding our target. It is set in stone.’

The government decided that they would prefer to negotiate with the polluters and with the science deniers, because they thought they could get away with the hypocrisy. They thought they could actually appease the coalminers, keep the big emitters onside and, at the same time, fool the public into thinking they were taking climate action. That is the doublethink that George Orwell talked about in Nineteen Eighty-Four so many years ago. He wrote that back in the forties. He said doublethink is when you hold two contradictory ideas in your head at the same time and believe them both to be true. What the government think you can have in your head at the same time are these:
(1) take action on climate change and (2) expand coal exports, treble coal exports and keep coal fired power going in Australia out to 2020. They think you can believe both to be true at the same time. Well, they are not.

The fundamental philosophical difference in this House is the extent to which people believe coal is front, centre and essential to Australia’s future benefit and national interest. It is very clear that the government, the National Party and the Liberal Party, regardless of what you want to say about climate change, all believe: ‘We will expand that coal railway. We will get treble at the coal port. We will turn those coal ships around faster. We will get those coal exports out to the rest of the world. At the same time, we will keep those coal fired power stations pumping out carbon dioxide. We will kid ourselves, in an act of doublethink, that some time or other there will be carbon capture and storage, and somehow or other that will actually solve the problem.’ It will not. It is not going to.

The government’s own modelling says that we are not going to see a reduction in emissions from the energy sector until 2034, well beyond the tipping point. We will have lost the Arctic ice by then. We will have had ocean acidification. Once we go across those tipping points there is no coming back. That is something that does not seem to have penetrated the minds in here—that once you have gone past a tipping point there is no return. That is why it is essential to take fast, appropriate action to avoid the tipping points and not just say, ‘We had to take the politically pragmatic way of doing this and start slowly, and find some other way of doing this in the future.’ There is no time to do that. We are in an emergency. As Winston Churchill said at the beginning of the Second World War, ‘It is not good enough to just say we are doing our best, we are doing what is politically achievable.’ He said, ‘We have to do what is necessary to succeed.’ That is the difference.

The Greens are prepared to stand here and say, ‘We have to do what is necessary to succeed and make the hard decisions to make that happen.’ We have been ready all along and we continue to be ready to work with the government to make those hard decisions to ensure that we do succeed in stopping the global temperature rise and constraining it to as far below two degrees as we possibly can, because we know that reduces the risk of us hitting those tipping points and falling into catastrophic climate change. That is the issue that we all need to be thinking about. This is not about pragmatic politics. The science of physics and chemistry will not wait for the Labor Party to be ready to take on the coal industry or for the coalition to work out that climate change is real.

The earth will not wait. In 2015 global emissions must peak. A weak target like this undermines the prospect of a global treaty which would give us any hope of avoiding those tipping points. That is why we ought to be in emergency mode. When the global financial crisis occurred, there was no debate about whether Uncle Bill over the fence thought there was a global financial crisis. There was no debate about someone from the university of EBC coming out with a new paper saying that the global financial crisis is not real. No, there was a consensus immediately from world leaders that there was a global financial crisis. There was no debate about someone from the university of EBC coming out with a new paper saying that the global financial crisis is not real. No, there was a consensus immediately from world leaders that there was a global financial crisis, and they acted immediately and within weeks. That gives me hope that if we end the hypocrisy of using climate rhetoric but not climate action, if we actually got the rhetoric and the action lined up, we could do this in a very short time, because we do have the technology and the capacity. And the community does have the will to do this. We could do it. The problem is: there is not the same consensus of political leaders, there is not the same panic about
climate as there was about the global financial crisis. That is because they are much more comfortable in the old paradigm than they are in a paradigm which says that the earth’s climate is in crisis. That is the difference.

As the Greens see it, today is the beginning of a real coming together of people around Australia who want whole-of-government, fast, deep cuts in emissions, action on climate change and a global treaty. We stand ready to work with those people and we take this opportunity to congratulate all those climate action groups around Australia who are continuing to argue that it is better not to have a weak treaty that can unravel but to wait and get something that is appropriate to the crisis—and let’s get it quickly.

Senator BOYCE (Queensland) (11.10 am)—I rise today to speak with a heavy heart but in good faith. Last week in this place I urged senators to pass the amended CPRS bills. That continues to be my view. I continue to oppose the Rudd government’s unamended CPRS, but the changes that were negotiated in good faith, particularly by Ian Macfarlane and Malcolm Turnbull, have turned this into something that will assist not only Australia’s climate but also Australian business, Australian consumers and Australia’s energy-generating industries. It could be a solution to what I believe is a very real and uncontested problem that we must address in the near-term future, and that is the damage that climate change can do to this country if we do not act. It is part of the damage that climate change can do to the world. I am very much aware of the argument that has been put by many people that this must be a global agreement and it is ridiculous for Australia to act first.

My own background is as a manufacturer. In that sphere, I know the benefits of early adoption. I would just like to point out to the Senate that it was the Shergold task force, commissioned by the Howard government, who said, long before we got to this place, that Australia should not wait until a genuinely global agreement has been negotiated, because there are benefits which outweigh the costs in early adoption by Australia of an appropriate emissions constraint. That continues to be my view, but I think there are better ways to go about developing emissions mechanisms in Australia. A straight carbon tax, in my view, would have been the cleanest, easiest option, but that is not an option that is on the table. The option that we have is the CPRS as amended by Ian Macfarlane and Malcolm Turnbull. I was delighted to see yesterday that Mr Greg Combet has said that, irrespective of the outcome in the House, those amendments will form part of the Labor government’s policies around an emissions trading scheme. I hope that that is also a comment that has been made in good faith and will continue to be honoured by the Labor government.

I would like to associate myself with the remarks made by Senator Troeth. I think we now need to look at nuclear power as part of the solution to lowering carbon emissions. We are the only country in the G20 that does not have nuclear energy capabilities. I consider it completely hypocritical of the Labor government to have the stance that it does on Australia having nuclear energy whilst we are exporting all our uranium to assist others to have nuclear energy. I think we need to work very, very quickly in this area, and this has been borne out by Dr Ziggy Switkowski, from ANSTO, who was commissioned by the Howard government as part of our attempts to reduce emissions, to look at the question of nuclear energy. He continues to make the point that this is something that is not only feasible but necessary if we are to have the whole suite of measures that are
needed to overcome the problems that are caused by carbon emissions.

I must admit that I continue to be very concerned by some of the specious and fallacious arguments that are put around carbon. Yes, carbon is a necessary building block. Yes, it naturally occurs. But to suggest that, because of that, all forms of carbon in all quantities are reasonable is, in my view, specious and fallacious. It is the same as suggesting that there is lots of chlorine around because there is a lot of seawater and claiming that all forms of chlorine and all quantities of chlorine are acceptable—when that is wrong. I become very concerned by people who use those sorts of false sciences to attempt to mislead Australian consumers into thinking that it is safe to continue to do what we are doing. As Senator Troeth pointed out, there are very few scientists in this place. But I think we should be using the science that is available to behave responsibly, not to encourage fear or scepticism that is wrong and unnecessary.

I realise that, by supporting the amended CPRS, I will disappoint many constituents within Queensland. I would like to say to them that I am acting in what I believe is good faith. I am supporting the party policy of less than 24 hours ago. When I rose to speak to say that we should accept the amended bill, I was supporting party policy. I find that I can do nothing else except continue to do that. I would ask people to accept and understand that from the viewpoint of many, many constituents this is the way to go. If you look at the areas of Northern Queensland and around the Great Barrier Reef, there is immense concern that action must start globally and it must start quickly. Part of starting that global action is for us to start. I do not see any problems with us being a first adopter; in fact, I see benefits. I would very much like to thank my colleagues on this side for their understanding and support of my view over the last few days.

**Senator XENOPHON** (South Australia) (11.17 am)—This morning on my way to Aussies I ran into two journalists in the corridors, Chris Uhlmann from the ABC and Christian Kerr from the Australian, and they both gave me some unsolicited advice which I think I will take. They said, ‘Hurry up’. I wonder whether others would have that view, either in this chamber or in the media.

At the outset, I would like to pay tribute to Senator Wong, the minister responsible—and I hope that this will not provoke a churlish response from the opposition. Despite the significant policy differences I have with her, I believe Senator Wong has conducted this debate with grace and aplomb, and I do not think anyone could surpass her in terms of her knowledge and her competence in terms of this very difficult policy issue. I congratulate Senator Wong for the way she has conducted herself in what has been a marathon debate. That does not mean we will not have our differences—very significant differences—but I congratulate Senator Wong for dealing with what has been, I think, the most difficult, diabolical, policy issue this country has ever seen.

I cannot support this legislation for a number of reasons. I cannot support it because I do not believe it is the right scheme. I do not take the view of my colleagues who are climate sceptics, and I urge them to consider this as an issue of fundamental risk management. Are they prepared to literally bet the planet that they are right and thousands of imminent scientists are wrong? We must deal with this as an issue of fundamental risk management and we must deal with it as an issue of urgency. My concern is that this scheme will not do what is needed to be done for the environment—to take into account what scientists are saying. That is why
I supported the Greens in aiming for a minimum 25 per cent cut by 2020. I think it is possible. It is clearly possible if we have the right scheme and the political will to do that. If you are going to fix a problem, do not do it in a half-hearted way; do it in a way that will actually achieve results according to the scientists.

Senator Boyce, in her very good contribution, made the point that she comes from a manufacturing background, from a small and medium business background. My concern and fear is that this scheme will push up the cost of electricity for every one of the 750,000 small and medium businesses in this country unnecessarily. We have seen just this week the details of a leaked report from IPART, the Independent Pricing and Regulatory Tribunal in New South Wales, which shows that there will be massive price rises in electricity in the next three years—30 per cent from the CPRS alone. These are matters that must be taken into account. My appeal to my colleagues in the coalition is: do not abandon your support base. Do not abandon those small and medium businesses by locking us into a scheme that I fear will not deliver the environmental dividends and will come at a huge economic cost.

Having said that, Senator Wong is right: there is no easy fix; this is not a cost-free solution. This is something that will involve a considerable amount of readjustment and structural change in Australia’s economy, and I think it is important that we consider the best possible approach. That is why I have championed the Frontier approach, which I believe has a way forward in terms of reducing churn, reducing the direct and indirect costs to the economy, and moderating price increases in a way that I think smooths out the carbon price, which is good for investment certainty in the context of the structural changes we need. I know the opposition have been flirting with the Frontier model. I am hoping that they will soon be able to embrace it under their new leader.

I think it also must be said that for the coalition to go to the polls without a credible policy to significantly reduce CO2 greenhouse gases in the atmosphere is not a credible option for the Australian people, and they will judge that. I think most Australians actually want action on climate change, although I note that something like 80 per cent of Australians do not understand this ETS. That survey was, of course, conducted outside this chamber, and I am sure the figure would be completely different for our understanding of an ETS.

I think it is important that we get on with it. As a developed country, we have an obligation to do the right thing—20 per cent of developed countries account for 80 per cent of emissions. We have an obligation to lead. We have an obligation to be up-front and to be ahead of the pack on this. Whatever Copenhagen does and whatever the Waxman-Markey bill ends up as, we still have an obligation to design a scheme that is right for Australia’s economy—a scheme that suits us.

Many see the defeat of this legislation as a dark day for the government. I am more optimistic. I think the Australian people want a plan that protects our environment and protects the economy. I look forward to working with my colleagues on both sides of the chamber and with my crossbench colleagues, the Greens in particular, so that we can have a scheme that works and delivers the cuts that Australians expect in order to make an effective contribution to combating climate change.

I think we have a chance to do this again and to do it right. We should be grateful for that chance and we should make the most of it. The people of Australia, and indeed the people of our region and the planet, are counting on us and other developed nations
to get it right. If we work constructively together and if we work honestly and, dare I say, in a bipartisan spirit, I believe we can get it right. I cannot support the government’s bill, but I believe we can get it right sooner rather than later.

Senator ABETZ (Tasmania) (11.23 am)—On this day, as Australians face yet another interest rate rise courtesy of Labor’s reckless spending, we as a coalition will oppose this reckless, complex and confusing package of 11 Carbon Pollution Reduction Scheme bills, which impose nothing but a giant tax on everything. Make no mistake—these bills will cost Australian jobs, will cost Australian wealth and will make no difference to the world’s environment.

With 1.5 per cent of the world’s emissions, Australia taking unilateral action will have no beneficial impact on the world. Indeed, there is every likelihood that Australia going it alone would hurt the environment through carbon leakage, whereby Australia’s relatively clean industries would be made uncompetitive and that would see production move to countries that do not have as robust an environmental regime as Australia.

This package of bills would increase the cost of living, on top of yesterday’s interest rate rise, by $1,100 per annum per household—and for no environmental dividend. The Victorian state government and the New South Wales state government, both Labor, have leaked independent reports indicating the huge increase in power bills to be faced by all Australians.

With this legislation, anyone into acronyms would get dizzy with delight. From the ETS you get the CPRS and from the CPRS you get the EITES and an ESAS with an ESAM and a GFC buffer. For SMEs you get a TECAP and smaller businesses get a CCAF. The Australian people get—well, I can think of one acronym. The CPRS is dead and no amount of CPR will revive it. CPR, on this occasion, stands for ‘Combet propaganda routine’. It is little wonder that the Australian people are confused. Labor have never tried to explain the fine print and it is little wonder. Sure, they spent millions of dollars in a glitzy advertising campaign, but they did not seek to explain the detail; nor have they explained the need for this legislation to be rushed.

The Obama Democrats—you know, those extremists that Senator Wong has referred to—have deferred their proposal, as have the Canadians, until after Copenhagen. This unseemly rush is reminiscent of Mr Rudd’s Fuelwatch debacle but with consequences a lot more devastating. Do you remember Mr Rudd working bureaucrats 37 hours straight so he could wave the flawed Fuelwatch bill at the end of a parliamentary sitting, simply because he needed a prop for a stunt? It is the same with this package. It is scheduled to start in 19 months time, so why does it need to be passed this week? So Kevin 747 can pack the legislation into his knapsack and use it as a prop for a stunt, not in Canberra this time but in Copenhagen. Sacrificing the national interest on the altar of Kevin Rudd’s ego was never going to be good policy.

Indeed, as we speak, Labor is still drafting amendments, preparing definitions of various ‘activities’ and producing a library of regulations. The midnight oil burned to rush this legislation through, and the carbon footprint from that will not be offset by the carbon sink properties of the yet to be drafted regulations.

Let me debunk the nonsense that rejecting this confusing mess means that you are, of necessity, somehow unwilling to act on the challenges facing the world. The hyperbole of the minister yesterday was both unedifying and wrong. The allegation of the coalition being hijacked by extremists was as pre-
dictable as it is laughable—laughable because, at the last election, Senator Wong and the Labor Party went to the Australian people saying that the coalition had no policy on climate change. We were the ‘do nothing’ party. Now she says we did have a policy and, as proof, she actually waved the policy document in this chamber last night. So, in her desperation, she unwittingly exposed Labor’s lie at the last election and that is why people do not believe Labor now.

Some gratuitous advice to the minister: shrillness is usually indicative of a paucity of coherent argument. Mere repetition of falsehoods and slogans does not obviate the need for facts. We want action on CO2 emissions, but we want real and effective action. We want action that does not mug jobs and does not mug our economy. We want action that the people understand. So we say no to this ETS, because it is a huge tax on everything and will deliver no benefits.

The party and coalition of which I am a member have long acknowledged a diversity of opinion in the community on the issue of climate change, including how to best address it. The diversity of opinion is, indeed, reflected in our own party room, a party room of conviction parliamentarians unafraid to express their strongly held views, which stands in stark contrast to Labor. The Liberal Party recognised a level of intensity, passion and, in some cases, anger in the community over recent weeks, particularly among those who either remain opposed to the passage of this legislation or believe it should be put to a vote only after the imminent United Nations Climate Change Conference in Copenhagen. Many in the community who support action on climate change are also firmly and passionately of the view that this legislation should not be passed in advance of deliberations in Copenhagen. We have heard those voices, the voices Labor ignores, and we have given those voices parliamentary expression.

Government senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Bernardi)—Order, senators on my right!

Senator ABETZ—Recognising the divisiveness of this legislation in the Australian community at this time and also given the gaping holes in this legislation exposed through the committee stages of this debate, even with amendments seeking to address many of its flaws, the coalition believes that this legislation is still fatally flawed and remains extremely divisive within the Australian community. Action on climate change should be unifying within the Australian community, not divisive. We will present an alternative plan of action on climate change for the Australian community that is far less complicated, far more effective, far less costly and far more unifying than this ETS.

Consistent with the Liberal Party’s traditions, and reflecting the diversity of opinions in the community on this issue and on this legislation, we respect the right of any Liberal senator to cross the floor and vote other than in accordance with the party’s position. The accommodation of such decisions is, in fact, a strength of our party and contrasts significantly with the Labor Party, where the expression on the floor of the parliament of a strongly held view contrary to that of Labor means immediate expulsion.

We reject these bills as being too complex, too confusing and too costly. We reject these bills because there is no conservation dividend. We do support effective global action. We remain supportive of the five per cent target. Mr Rudd can go to Copenhagen with bipartisan support. Yvo de Boer of the UN has confirmed that legislation is not needed but that a target would be helpful. We have given Mr Rudd bipartisan support for that.
In short, we support action, but we do not support slashing jobs; we do not support slashing exports and we do not support slashing wealth; we do not support jeopardising power supplies; we do not support wrecking small businesses; we do not support increasing the cost of living for every household by $1,100 per annum; we do not support fatally flawed and rushed legislation; and we do not support Mr Rudd’s insatiable ego. In short, the coalition says, ‘Action, yes, but no to this ETS.’

The Acting Deputy President—Order! Before I call the minister, I would like to point out that interjecting is disorderly. With one or two exceptions, the debate has been conducted in good spirit, so I would ask that the minister be heard in silence.

Senator WONG (South Australia—Minister for Climate Change and Water) (11.35 am)—In summing up, I first thank all senators for their contributions to the debate. In relation to the comments we have just heard, the best way of characterising most of the contribution from Senator Abetz is ‘the shallowest response to the deepest of the nation’s problems’. In many ways his contribution could have been summed up with one sentence: ‘We do not support action on climate change.’ In many ways the Australian people might have given him more credit for honesty then.

I want to respond to just some of the arguments in this debate before the debate is closed—first, the comments of Senator Joyce, which were many, varied and quite loud. The first is that this is not about the science; this is about the economy. He is partly right. It is about both, because you do not tackle climate change unless you change your economy. It is very simple: you do not tackle climate change unless you change your economy. You have to make polluters pay, and if you do not make polluters pay then you will not tackle climate change, because you will not change the very behaviour that caused this problem in the first place and continues to contribute to it. So, when Senator Abetz says, ‘We will have a policy on climate change but it will be easy,’ he is not to be believed, because there is no easy solution to this problem. If there were, it would have been dealt with by now.

The reality is that the former Prime Minister, John Howard, was honest about this. He said you could not take this forward—you could not make these economic changes—without some impact on prices. The Liberal Party have made clear their intentions. They will try and pretend they are taking action on climate change without going to the cause of the problem, but there is no escaping the cause of the problem. You have to put a price on pollution; that is the only way you can respond to climate change.

The second point I want to make is about the scare campaign which has been in practice already in this chamber in recent days. It is always disappointing when politicians, instead of debating the issues and the facts, resort to putting forward things which are untrue—and which often they know to be untrue—in order to block action. Senator Joyce has come into this place and said that that lamb roasts will cost over $100. He knows that the Treasury has said that in the first year of this scheme the estimated increase per kilo for a leg of lamb is 4c. Why does he believe it is responsible for an elected representative to come into this place and put forward something that is so obviously incorrect? There is only one explanation—that is, when you cannot fight the argument, you run a scare campaign. He has accused us of making pensioners poor. He has accused us of not supporting working families. This is from the party that delivered WorkChoices—the irony of that is clear for all to see.
I will remind the chamber that this government is ensuring through this plan, endorsed just one week ago by the Liberal Party room, that the largest single share of assistance under this legislation goes to Australian households. For example, we estimate a single pensioner’s costs will rise by about $286 a year. We are providing them with $455 a year worth of assistance, which is more than the anticipated costs, because when we say we want polluters to pay because that is the only way we can act on climate change we also say we want to support Australian households, particularly low-income Australians, through that transition.

To Senator Joyce I say this: do not come in here and peddle things which are not true in an attempt to oppose action on climate change. Why do you not just come in here and say, ‘This is all bunkum; we don’t believe in climate change; we don’t believe it’s real’? That at least would be more truthful.

Then there is the argument that we should not act because it does not matter what we do. Australians as a nation have always done our bit and we have never said we should simply sit in the grandstand and watch others do the work. This is about doing our bit as part of a global agreement. This is about doing our bit as part of responding to what is a global challenge. The government has never pretended that this nation on its own can tackle this problem. What we have said to the Australian people is that we too in this nation have to act.

Then there is the argument about who understands what. I say to the opposition: Australians understand one thing. They understand that you do not want to act on climate change. The fact is that the arguments put by the opposition do not stack up. They are sham arguments from people driven and now led by people who do not believe that climate change is real. What has been demonstrated in this session of the parliament is that they will do and say anything to avoid taking action. They will do anything to block action on climate change. These are people sprinting back to the past.

Another furphy in this debate has been that we are going first. I again remind the chamber of the falseness of that argument. Countries that have either legislated for trading schemes or committed to them include the European Union—which includes nations like the United Kingdom, France and Germany—New Zealand, Japan and the United States. These are some of the actions which have already been legislated for or committed to and I have in this chamber many times pointed out what else is happening. There is no danger of this country rushing ahead but, as a result of the actions of the opposition, there is a risk that this country will be left behind. That is the greater risk: that we are left behind. Action on climate change has been supported and called for by no less than the Queen, John Howard, conservative Prime Minister John Key from New Zealand and David Cameron in the United Kingdom. This Liberal Party makes John Howard look green. They are not only out of touch with most of Australia; they are out of touch with most conservative parties around the world—a fact that Mr Turnbull has reminded them of on many occasions.

I will briefly mention the Greens and I will just say this. This legislation may well fail on the Greens’ vote and, whatever rhetoric those Greens senators engage in, they will have voted for Australia’s carbon pollution to continue to rise. They will have voted against action on climate change.

Honourable senators interjecting—

The PRESIDENT—Order! Continue, Senator Wong. Interjections are disorderly.

Senator WONG—There are so many retorts that I would like to make, Mr President, but I will not indulge myself. This is a big
reform. We knew that when we took it to the Australian people at the last election and we also knew that when we sat down to negotiate with the opposition. This is a long-term, lasting structural reform to the Australian economy. It is about making a change now over the decades to come because that is the only way in which we can respond to climate change. These sorts of reforms, historically in this nation, have only succeeded when there has been leadership across this parliament and it is regrettable and to the great detriment of this nation and to the great shame of the Liberal Party that they have fallen, as a party, so short.

I do have some acknowledgements that I wish to make. I first want to thank Labor members and senators who have campaigned for and supported this great Labor reform for the future of the nation. They have done and will continue to do what is hard, not because it is easy but because it is right. They will continue to look to the future and that is the way this party and this government will continue to go forward. I want to particularly thank and acknowledge the Department of Climate Change and all public servants across government who have served this government and previous governments with professionalism and have demonstrated their enormous capacity for hard work over two years in working up this reform. I thank them and I think the Australian people thank them for the work they have done to contribute so much to this important and big reform.

I also want to thank those members of the Liberal Party who, whatever the differences I have with some of their public policy positions, have shown a willingness to look to the national interest. We saw some of that on display here today and I thank them for that. It is regrettable that too many of their colleagues have chosen instead to go the other way and not look to the national interest. Most of all, I want to acknowledge the many Australians who have continued to support action on climate change and have continued to call for it; the many who have emailed, written or phoned not only my office but also the offices of others in this government to express their support. I particularly want to thank young Australians because this is an issue that so many young Australians care so deeply about. I have often said that the discussion that is had and the questions that are asked when I have spoken to groups of young Australians at times would leave the Senate looking somewhat inadequate.

This is a debate about the future, and Australians know this. In the heat and fury of today’s fight it is often easy to lose perspective, and too many opposite have lost that perspective. The question is: how will this look tomorrow; how will this look in a few years; how will this look 10 or 20 years from now? Long after most of us have left this place, we will continue to be held accountable. We should leave this place being able to look Australians in the eye and say: ‘We acted. We took responsibility.’ Instead, some of those opposite will simply have to look Australians in the eye and say: ‘I voted this way. I voted for the future not now and in fact not ever.’ This government and this party will hold true to the aspirations of the Australian people. We will do all we can and continue to do all we can to safeguard our children’s future and we will not take a backwards step. I commend the bills to the chamber.

Question put:
That these bills be now read a third time.

The Senate divided. [11.52 am]
(The President—Senator the Hon. JJ Hogg)

Ayes............ 33
Noes............ 41
Majority........ 8
AYES
Arbib, M.V. Bilyk, C.L.
Bishop, T.M. Boyce, S.
Brown, C.L. Cameron, D.N.
Carr, K.J. Collins, J.
Conroy, S.M. Evans, C.V.
Farrell, D.E. Faulkner, J.P.
Feeney, D. Forshaw, M.G.
Furner, M.L. Hogg, J.J.
Hurley, A. Hutchins, S.P.
Ludwig, J.W. Lundy, K.A.
McEwen, A. McLucas, J.E.
Marshall, G. O’Brien, K.W.K. *
McGauran, J.J. J.J.
Moore, C. O’Brien, K.W.K. *
O’Brien, K.W.K. *
Forshaw, M.G. *
Feeney, D.

NOES
Abetz, E. Adams, J.
Back, C.J. Barnett, G.
Bernardi, C. Birmingham, S.
Boswell, R.L.D. Brandis, G.H.
Brown, B.J. Bushby, D.C.
Cash, M.C. Cormann, M.H.P.
Coonan, H.L. Ferguson, A.B.
Colbeck, R. Fieravanti-Wells, C.
Cormann, M.H.P. Fisher, M.J.
Eggleston, A. Heffernan, W.
Fielding, S. Johnston, D.
Fifield, M.P. Kroger, H.
Fischer, M.J. Macdonald, I.
Hanson-Young, S.C. McGauran, J.J.
Humphries, G. Minchin, N.H.
Joyce, B. Macdonald, I.
Ludlam, S. Parry, S. *
Mason, B.J. Nash, F.
Milne, C. Payne, M.A.
Minchin, N.H. Ryan, S.M.
Nash, F. Ronaldson, M.
Payne, M.A. Siewert, R.
Ryan, S.M. Trood, R.B.
Trood, R.B. Xenophon, N.
* denotes teller

Third Reading

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary)
(11.55 am)—I move:
That these bills be now read a third time.

The Senate divided. [12.00 pm]

Ayes……………… 32
Noes……………… 41

AYES
Arbib, M.V. Bilyk, C.L.
Bishop, T.M. Brown, C.L.
Cameron, D.N. Carr, K.J.
Collins, J Conroy, S.M.
Evans, C.V. Farrell, D.E.
Faulkner, J.P. Feeney, D.
Forshaw, M.G. Forshaw, M.G.
Hogg, J.J. Hogg, J.J.
Hutchins, S.P. Ludwig, J.W.
Lundy, K.A. Marshall, G.
McEwen, A. McLucas, J.E.
McGauran, J.J. O’Brien, K.W.K. *
McGauran, J.J. O’Brien, K.W.K. *
APPROPRIATION (WATER ENTITLEMENTS AND HOME INSULATION) BILL 2009-2010

APPROPRIATION (WATER ENTITLEMENTS) BILL 2009-2010

Second Reading

Debate resumed from 23 November, on motion by Senator Sherry:

That these bills be now read a second time.

Senator COONAN (New South Wales) (12.04 pm)—I will speak very briefly in response to the Appropriation (Water Entitlements and Home Insulation) Bill 2009-2010 and Appropriation (Water Entitlements) Bill 2009-2010. We in the opposition have made it very clear that we will not obstruct the passage of these bills through the Senate even though we take issue with the purpose of the funding. I will be very brief in outlining our objections.

The bill seeks to provide funding of $1.4 billion to cover rebate payments made under the government’s home insulation pink batts program and to accelerate water buybacks within the Murray-Darling Basin system. The home insulation program has been riddled, of course, with reports of waste, rorting and safety fears. The bills before us now confirm that. It is also a program with a billion-dollar blow-out in the 2009-10 year alone. Back in February this year, when the program was announced, the opposition warned that the government induced demand would far outstrip supply, and in spite of these warnings Labor raced its home insulation rebate for homeowners through the parliament with minimal industry consultation. We are seeing the effects.

I now turn to the water buybacks within the Murray-Darling basin. The government wants to accelerate water purchasing in the Murray-Darling and provide for new water-purchase initiatives in 2009-10. To date, the
government has secured the purchase of more than 600 gigalitres of water entitlements. The coalition also, in respect of this program, has abiding concerns about the acceleration of the water buybacks within the Murray-Darling Basin system, because it is to the detriment of replenishing and investing in farming infrastructure. Water infrastructure would deliver real water savings of hundreds of billions of litres a year. It would also improve the health of the river system and secure a future for our vital food producers. Instead of investing in infrastructure, the Rudd government’s alternative is to buy out farmers and farming communities, which will simply cost jobs and jeopardise our food security. The sad reality is that the government is buying entitlements to air, not real water. Most regrettably, the government is not assisting these farmers and farming communities to find new ways of sustainably farming or adjusting to the situation they find themselves in.

Nevertheless, we have of course said that if the government were serious about effective stimulus spending, they would be looking at value for money, they would be investing in Australia’s water security and they would reduce real water losses through evaporation and seepage by piping lining and covering channels and dams. Instead, the government obviously intend to continue with a dodgy insulation program and phantom water buybacks and to ignore the infrastructure works that would really help to save the Murray-Darling Basin. I did indicate that we would not oppose this legislation, but even at this time of year and in the circumstances of these extended sittings of the Senate I think it is only right that I identify on behalf of the coalition our concerns about the serious deficiencies in the government’s approach to policy and administration in relation to both the Home Insulation Program and water buybacks in the Murray-Darling Basin. I commend the bill.

Senator XENOPHON (South Australia) (12.08 pm)—I will confine my remarks to the water buybacks. I believe that the future of the Murray-Darling Basin is vital to the future of this nation. We know that climate change is real; it is affecting the basin, but it is important that we have the right scheme to combat climate change. My concerns are that in my home state the basin has been ignored almost to the point of no return in previous years; that the Coorong, the lungs of the Murray, are drying up and choking; that regional communities from Queensland through to New South Wales, Victoria and South Australia are struggling to survive; and that citizens in capital cities are beginning to realise that their water supply is anything but assured. In Melbourne and in Adelaide these are matters of serious concern. As a nation we cannot ignore the fact that the Murray-Darling Basin holds approximately 42 per cent of the nation’s farmland and produces 75 per cent of our food. That is why it is essential to get more water into the basin, into the Murray-Darling system.

You cannot have a healthy irrigation industry unless you have a healthy river, and you need to look after the river before anything else. If we do not sort that out, if we do not address issues of salinity and appropriate flows to lower reaches of the Murray-Darling Basin and to the mouth of the Murray, then there is no hope. That is why I support any effort to purchase additional water to release it into the Murray-Darling system. I know that on my negotiations with the government in February of this year in terms of accelerating water buybacks there were some critics who said that it could not be done, that it was not possible. But, in fact, there was tremendous demand for those water buybacks, which at least gives some real hope for the Murray-Darling Basin.
The Appropriation (Water Entitlements) Bill 2009-2010 appropriates funds to bring forward approximately $650 million in water buybacks over the next six months. Approximately $320 million of this funding will go to immediate purchases due to the need indicated in the mid-year economic forecasts, and these changes need to be considered in the context of the approximately $900 million brought forward that I referred to previously. That agreement provided an extra $500 million in buybacks. That money has been spent and this bill shows that there is enormous demand for it.

Of course, it is important that purchasers be targeted appropriately, and I would like to acknowledge at this stage that a vital support in my negotiations earlier this year in relation to securing more water for the Murray was the Wentworth Group of concerned scientists, particularly Professor Mike Young and Professor Quentin Grafton. Professor Young made it clear that the Murray-Darling Basin needed more water and that there was no time to waste. He estimated that the Murray-Darling needed approximately $1 billion in water buybacks in the immediate future or it would be too late. Not only would delaying water purchases mean greater costs should we try and claw back later, there would be a real risk that there would be nothing left to save. I also spoke extensively with Professor Grafton, who made it clear that the water was available; there just needed to be the willpower to reform the system to release it.

Clearly, what has been shown, despite those doubters, is that there was a significant demand for people to sell their water for environmental purchases, which is an urgent and necessary part of recalibrating our river system. That is not the only thing that needs to be done, but it is an important and integral part that needs to be done to help our river system. I commend the government for showing initiative and taking up an opportunity to purchase more water more swiftly. I also commend Professor Grafton and Professor Young on their assessments that it is important that any approach to water purchases be structured, be targeted and be one that has a forensic approach to it. I look forward to the next estimates session so as to get further information in terms of water purchases. I think it is important that the urgency felt by communities about the environment is being addressed in part by this measure. I look forward to this bill being passed and to the water purchases doing what they are intended to do—give a fighting chance to the Murray-Darling Basin.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (12.12 pm)—The Appropriation (Water Entitlements and Home Insulation) Bill 2009-2010 provides funding for the Home Insulation Program and departmental funding for costs associated with the acceleration of the water buybacks within the Murray-Darling Basin system. The measures provided for in this bill allow administered funding of $695.8 million for the Home Insulation Program to be brought forward from 2010-11 and departmental funds of $4.9 million to be brought forward: $4.4 million from 2013-14 and $0.5 million from 2013-15 from the Water for the Future Restoring the Balance in the Murray-Darling Basin Program.

The other bill, the Appropriation (Water Entitlements) Bill 2009-2010 provides critical funding for the Department of the Environment, Water, Heritage and the Arts and allows it to accelerate water buybacks within the Murray-Darling Basin system. The measures provided for in the bill will enable $650 million for water buybacks to be brought forward from later years of the Restoring the Balance in the Murray-Darling Basin Program under the government’s Wa-
ter for the Future initiative. I thank all those who contributed their comments.

Question agreed to.

Bills read a second time.

Third Reading

Bills passed through their remaining stages without amendment or debate.

NOTICES

Presentation

Senator Wortley to move 15 sitting days after today:


FAIR WORK AMENDMENT (STATE REFERRALS AND OTHER MEASURES) BILL 2009

Second Reading

Debate resumed from 23 November, on motion by Senator Sherry:

That this bill be now read a second time.

Senator COONAN (New South Wales) (12.15 pm)—The coalition does not support passage of the Fair Work Amendment (State Referrals and Other Measures) Bill 2009. While we are supportive of a national workplace relations system, we do have several concerns about the way the bill aims to achieve this. These concerns were detailed in our coalition senators’ minority report and I do not need to repeat them here in great detail. However, in summary, our concerns were, firstly, that this bill effectively hands control of the Commonwealth fair work laws to the states and, secondly, that the bill would place thousands of businesses and small workplaces at the mercy of Labor’s botched system of modern awards.

Although we appreciate that we do not have the support of the Senate for the coalition amendments that would have addressed our concerns, I would nonetheless like to record their purpose and effect. Our two amendments, when considered conjunctively, would have had the effect of removing the need for what the bill describes as the ‘fundamental workplace relations principles’ and retaining the existing termination of state reference provisions contained in the Fair Work Act as they currently apply to Victoria, while expanding them to include any other state which has referred its industrial relations powers to the Commonwealth. These amendments, had they had the support of the Senate, would have removed the need for the complex and clumsy termination of state reference provisions in the bill as proposed. They would have simplified the bill, while enabling it to take one step further and build on the Howard government reform of achieving a truly national workplace relations system.

In the interests of time, and recognising the view of the Senate on our amendments, they will not be moved. Despite our support for achieving a national set of workplace laws, we do not support this bill as drafted for the reasons I have outlined. It pursued a laudable aim, I must say; however, it does so in a manner unacceptable to the coalition.

Senator SIEWERT (Western Australia) (12.17 pm)—I rise to express the Greens’ support for the Fair Work Amendment (State Referrals and Other Measures) Bill 2009. The package of fair work legislation represents a significant shift in Australia’s industrial relations framework and laws. The use of the corporations power with Work Choices to cover industrial relations started this shift and this bill continues this centralisation of power. The Greens have never been comfortable with the use of corporations power to underpin workplace relations laws, and particularly the way both Liberal and ALP governments have been prepared to consign to the dustbin of history the concilia-
tion and arbitration power in our Constitution. Having said that, we acknowledge that this government has acted to address the confusion that the use of the corporations powers entails by negotiating for most of the states to refer their industrial relations powers. A key problem created by the use of the corporations powers is the difficulty for many employers, particularly those in the social and community service sector, to know which jurisdiction they are in. We welcome the fact that the relevant states have agreed to refer powers to resolve this uncertainty.

We also welcome the agreement that states can decide whether to refer powers with regard to local councils and state government corporations. States should retain a choice in these matters given that it is their prerogative to refer powers or not. We note the exclusion of utility and energy generation corporations from these provisions. These will stay in the federal system. We share the concerns expressed by unions that it should be a choice of the states whether to refer powers in relation to these entities as well. However, we respect the decision of the referring states as to the terms on which they are referring powers.

My home state of Western Australia is the only state refusing to refer powers. We believe this has terrible consequences for WA workers. The confusion mentioned before will continue in WA, with SACS workers, local council workers and others not knowing whether they are in the federal or state systems. Despite the failings of the Fair Work Act, which I detailed at some length in the course of the debate on that bill, I fear that the Western Australian government has plans to once again submit WA workers to a Work Choices-like regime. There has been significant comment in the media about that.

We support calls by the union movement that the Fair Work Act should allow state employees to opt into the federal system. This could be achieved by using the conciliation and arbitration powers of our Constitution. We will continue to raise this issue, as it has particular relevance and importance to workers in Western Australia.

I will not talk about the coalition’s proposed amendments, as they have now been withdrawn. I reiterate our support for this bill, despite our concerns about some of the shortcomings of the Fair Work Act. We also note that the union movement and the overwhelming majority of the business community and representatives of employers want this bill to pass now. We will support this legislation.

Senator XENOPHON (South Australia) (12.20 pm)—I indicate my conditional support for the Fair Work Amendment (State Referrals and Other Measures) Bill 2009. As documented in the explanatory memorandum, this bill amends the Fair Work Act 2009 to enable states to refer workplace relations matters to the Commonwealth for the purpose of paragraph 51, subparagraph 37 of the Constitution. The bill also amends the Fair Work (Transitional Provisions and Consequential Amendments) Act to establish arrangements for employees and employers transitioning from referring state systems to the national workplace relations system.

I am conscious of the number of matters in the Senate today, and I will be as brief as I can. In recent weeks my office has been in extensive discussions with the office of Minister Gillard in relation to this bill. One of the major concerns that I have raised has been the handling of award modernisation and, particularly, the implications for the horticulture industry in South Australia—particularly in the Riverland. In response to these concerns, the Deputy Prime Minister issued a
directive on 26 August this year for the AIRC to consider as special the conditions of horticulture: piece rates, the nature of picking times, casual work and working hours. This consideration process involves the AIRC taking submissions to vary the award through consultation, with the final ruling due by the end of the year. The new federal award is to commence on 1 January 2010 and this is just a short time frame for the horticultural industry to respond to the ruling and possibly to adjust its practices.

I raised these concerns with the minister and, through numerous discussions, have agreed on a statement on the details of the arrangements for the transition of the horticulture industry into the modern award framework, which the government will incorporate into Hansard. I wish to indicate that I am reassured by the government’s commitment and, with the incorporation of this text, I will support this bill.

Senator ARBIB (New South Wales—Minister for Employment Participation and Minister Assisting the Prime Minister on Government Service Delivery) (12.22 pm)—The Rudd government was elected with a mandate to abolish Work Choices and bring balance and fairness back to Australian workplaces. We also undertook to pursue a national workplace relations system to secure Australia’s future economic prosperity. We achieved the first step with the passage of the Fair Work Bill 2009. Today the Senate will decide the fate of a major microeconomic reform, the creation of a single national workplace relations system for the private sector. For the first time in Australia’s history the state governments, except Western Australia, have all taken steps to refer workplace relations matters to the Commonwealth.

Australian businesses recognise that the national workplace relations system that will be created by this bill is of crucial importance. There is strong support for the national system, with major business groups around the country—including ACCI, the National Farmers Federation, the Australian Mines and Metals Association and the Australian Industry Group—all calling for this reform. This will be a major piece of economic and microeconomic reform that will improve the productivity of businesses across the country. I commend the bill to the Senate.

I seek leave to incorporate a response to Senator Xenophon’s concerns.

Leave granted.

The document read as follows—

I propose now to address certain issues raised by Senator Xenophon with the Government concerning the horticulture industry and its modern award. The Government is delivering award modernisation, being to create around 125 awards from the thousands of overlapping state and federal awards that currently apply. This is an enormous task for the Australian Industrial Relations Commission (the AIRC), whose members are doing an outstanding job in delivering this major economic reform. Concerns have been raised however in relation to a small number of those modern awards. Representatives of the South Australian horticulture and wine industries expressed concerns earlier this year about the potential cost increases that would arise from the proposed modern awards applying to these sectors, particularly in relation to changes made to award provisions on piecework, casual loading, span of ordinary hours, overtime and penalty rates.

Senator Xenophon raised these issues with the Deputy Prime Minister, as did representatives of the industry. The Deputy Prime Minister gave careful personal attention to these issues and as a result, varied her award modernisation request. The amended request requires the Commission to have regard to the current terms and conditions that apply in the industry and the need for flexible hours of work arrangements given the seasonal
factors that are critical to the viability of the industry.

The hearings to finalise the horticulture industry award are continuing with the full involvement of industry parties. The Government is confident that the Commission’s ultimate decision will accord in full with the Minister’s varied award modernisation request and will meet the needs of the industry.

Senator Xenophon has also raised concerns on behalf of the horticulture industry that, given these further changes are yet to be made to the modern award and it commences on 1 January 2010, there needs to be sufficient time for the industry to understand the new award. I wish to make a number of points on this issue.

First, the AIRC has published a model clause setting out five year transitional arrangements. Changes from the state standard of remuneration to the new national standard will be introduced through five annual increments (up or down) on 1 July of each year.

This means that for all employers in the federal system, there won’t be any changes to remuneration that come into practical operation until 1 July 2010. The status quo will continue in respect of all pay related matters until that time.

The Commission’s decision on transitional arrangements will ensure employers will in effect have a six month grace period to become familiar with the new modern award before they are at risk of being non-compliant with remuneration related entitlements.

Secondly, those horticultural employers referred into the national system by the States will stay on their state-based award conditions until 1 January 2011. During those 12 months, Fair Work Australia will determine appropriate transitional arrangements in consultation with those affected. Referred employers will be aligned into the existing phase-in arrangements in the modern award. This means there will be plenty of time for those employers to adapt to the new system.

Thirdly, following Senator Xenophon’s representations, the Government wishes to record that if, following the Commission’s determination on the final content of the modern award, an application is made by any party for revised transitional arrangements in respect of the Horticulture Modern Award, the Government would make a submission that the AIRC, in considering that application, should have regard to the following matters:

- First, the particular features of the industry, including seasonal demands;
- Second whether it would be desirable for the industry to have an additional period of time to become familiar with the terms of the award, having regard to:
  - the nature of any changes made to the modern award as a result of the applications to vary, and the timing of the announcement of those changes compared to their commencement of operation; and
  - the nature of employers in the horticulture industry, given the predominance of small businesses.

I also want to outline the steps being taken by the Government to assist employees and employers in the horticulture sector to have the information they need to know their rights and comply with their obligations. The partners in the Horticulture Industry Shared Compliance Program—the industry associations and the AWU—will work cooperatively together with the Fair Work Ombudsman to educate employers and employees and to promote compliance. This is an innovative program and demonstrates the Government’s approach to cooperative workplace relations.

The emphasis of this program is education, rather than prosecution. What this means is that while the FWO will still be able to prosecute for serious and blatant breaches of the award, the majority of formal compliance activity will not commence until July 2011 at the earliest.

I thank Senator Xenophon for the constructive way in which he has raised these issues with the Government and trust that he is satisfied that the Government has responded appropriately.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.
To reflect on just how out of its depth this government was in relation to the changes which it sought to implement, we only have to hear some of the ludicrous comments from the Minister for Finance and Deregulation, who stated that the changes were needed to stop a tax rort by those “at the very big end of town”.

So in going for the kill on high-end revenue leakage the government thought it would take its ideological sword to all taxpayers.

This change not only brought the entire industry to its knees overnight, and adversely affected hundreds and thousands of Australians from all levels of employment, it took this Government over 50 days from the original budget night announcement to finally recognise their mistake.

That 50 days of uncertainty amounted to wasted time, money and resources for businesses left in the lurch, and unnecessary stress to employees who were potentially exposed to large tax bills as a result of these ill-conceived changes.

All this from an arrogant government which couldn’t be bothered to sit down and properly consult with business before bringing in such changes, evidenced through comments from Gail Hambly, company secretary of Fairfax Holdings who said, “it looks as though they haven’t a clue what they’ve done”.

Turning our attention for a moment from the government’s incompetency and actually looking at what is contained within Schedule 1 of this Bill, we can see that the original budget night announcement that removed the tax deferral option for employees who participated in an employee share schemes, which had the legitimate objective of stopping high end revenue leakage, but was so poorly designed that it froze the industry overnight.

Originally the government informed everyone that there was a non-disclosure problem due to some taxpayers not fully disclosing their receipts on shares and options granted to them, which the government sought to fix with its raft of employee share scheme changes announced that evening.

The solution, or in reality the major stuff-up which we witnessed on budget night, forced every single employee in the country who received shares from their employer, to pay tax upfront on potential benefits which they may not receive for years, or may never receive at all.
the income threshold from $150,000 to $180,000, as well as a raft of other changes all of which are now encompassed in amendments contained in Schedule 1, which implement the policy statement released by the Government on 1 July 2009.

At every stage of the employee share scheme debacle the Coalition has called on the government to fix the problem it created, and whilst the legislation before us today is by no means perfect, it is certainly preferable to the frozen mess employees and businesses were belted with back on Budget Night.

The Coalition notes that the Board of Taxation is due to provide a report on employee share schemes in February next year, as well as the tax review currently underway by Dr Ken Henry, and the Productivity Commission’s report on executive remuneration, both which are due to be handed down at the end of this year.

As explained in the outset of my address on this BM, the Coalition will not be opposing its passage through the Senate, however the Coalition acknowledges the incompetence the government has demonstrated in its handling of this issue, and the undue stress placed on employees and businesses across the country as a result of its inability to appropriately address tax reform in this area.

**SCHEDULE 2: DEDUCTIBILITY OF NON-COMMERCIAL LOSSES**

The second schedule of the Bill before us today deals with rules relating to non-commercial losses, which were also announced on budget night.

Non-commercial loss rules originated under the former Howard government, and were designed to address integrity issues regarding particular unprofitable activities being carried out by a small number of taxpayers.

The changes which were brought in meant that noncommercial losses were only deductible against assessable income if they met one out of the four tests, which remain in place today.

Under changes which are before the Senate today, for those with an income of $250,000 or greater, a noncommercial loss will only be deductible against assessable income if they have been granted discretionary exemption from the Commissioner of Taxation.

Therefore under these changes before us today taxpayers with an income greater than $250,000, who wish to offset non-commercial losses will now need to apply to the Tax Commission for discretionary exemption.

I would now like to note the report which was handed down by the Senate Standing Committee on Economics on 16 November 2009, and highlight areas of concern which have been raised by Coalition Senators in relation to this schedule.

The first of those concerns relate to the nominated $250,000 income threshold, and whether or not that threshold should be indexed so that over time operators who do not fit under the threshold, are not squeezed over the line. This would be a simple adjustment to the legislation, and indeed a sensible one, as there are numerous thresholds throughout our taxation law which are in fact indexed.

Other concerns have been raised in relation to the Commissioner’s discretion, and what advice the Commissioner would take on board when granting discretionary exemption. Examples were given in the report as to various industries which developed out of hobby farms that took advantage of these noncommercial loss provisions Had such provisions not been available, some of these industries might not exist today.

Retrospectivity was another area where Coalition Senator’s have noted that they firmly believe it would be unfair to impose tax changes retrospectively. Evidence was heard to the effect that there should be time for industries and individuals to get their affairs in order, in time for the implementation date of this legislation, being 1 July 2009.

Along with these, further concerns were also raised in relation to the potential impost on rural communities, and doubts were expressed over the projected revenue expected to be raised from such changes to the deductibility of commercial losses, and whether the projected revenue targets will actually be realised.

Whilst the Coalition will not be voting against the passage of this BM through the Senate, concerns have been raised as to whether these measures
may inhibit the growth of new industries from developing in the future, and Coalition Senators believe further consideration must be given to the effectiveness of this measure by comparing the projected revenue expected to be raised, against the potential economic and social costs of its implementation.

SCHEDULE 3: LOST MEMBERS’ SUPER TO ATO

The third and final schedule contained within this Bill is basically a housekeeping measure which requires superannuation funds to transfer lost member’s superannuation to the Australian Taxation Office.

If the balance of these accounts are less than $200 and have been inactive for at least five years, and the superannuation fund is satisfied they will not be able to find the owners of the accounts, then funds are to be transferred to the ATO.

CONCLUSION

As I have noted from the outset of this Bill, the Coalition will be supporting its passage through the Senate today, however attention must be drawn toward the government’s deficiencies when it comes to policy creation.

As mentioned earlier, the bungled implementation of changes to employee share schemes, and its immediate flow on effect to Australian employees and business is only one embarrassing example of just how inept this government is when it comes to policy creation and implementation.

I hope in the future that such changes (like those we have witnessed in relation to employee share schemes) are more prudently considered so as to not inhibit industry in the way we have witnessed this year.

I again confirm the Coalition’s support for the Tax Laws Amendment (2009 Measures No. 2) Bill 2009.

Mr President, I commend the Bill to the Senate.

Senator SHERRY (Tasmania—Assistant Treasurer) (12.25 pm)—I thank Senator Coonan and the opposition for their cooperation. I seek leave to incorporate my speech in the second reading debate.

Leave granted.
Schedule 2 protects the integrity of the taxation system by preventing abuse of the non-commercial losses rules. This measure was announced by the Treasurer in the 2009-10 Budget. Taxpayers with an adjusted taxable income over $250,000 will no longer be able to automatically apply losses from non-commercial business activities against their other income. They will now have to apply to the Commissioner of Taxation for a discretion; demonstrating that their business is commercial in nature.

discretion, and what factors the Commissioner will look at to work out if a business is commercial in nature.

The Income Tax (Transitional Provisions) Act 1997 is also amended to clarify the status of discretions granted before the commencement of this schedule, and to recognise the Government’s small business and general business tax break.

Schedule 3 requires superannuation providers to transfer the balance of a lost member’s account to the Commissioner of Taxation where the account balance is less than $200, or where the account has been inactive for a period of five years and the provider is satisfied it will never be possible to pay an amount to the member. This measure excludes accounts that support or relate to a defined benefit interest.

The first transfer will occur early in the 2010-11 income year.
Currently, lost account balances are only paid to the Commissioner in very limited circumstances.
This measure will help to address the growing problem of lost superannuation accounts, potentially reducing the number of such accounts by 40 per cent.
This measure also assists providers as they will no longer need to administer or apply member protection to small accounts that are transferred. This will improve equity for other fund members.

Individuals who have their accounts transferred to unclaimed monies will be able to reclaim these amounts from the Commissioner.

The mechanism proposed to achieve the payment of lost superannuation accounts to unclaimed money is similar to that currently used for the payment of unclaimed money from superannuation providers to the Commissioner of Taxation.

This measure will result in a gain to Government revenues, estimated at $238 million over the forward estimates, by bringing forward the payment to unclaimed monies of accounts which are unlikely to be claimed.

I commend this Bill to the House.

Question agreed to.

Bills read a second time.

Third Reading

Bills passed through their remaining stages without amendment or debate.

COMMITTEES

Treaties Committee

Membership

Message received from the House of Representatives notifying the Senate of the appointment of Mr Kerr to the Joint Standing Committee on Treaties in place of Ms Vamvakinou.

BANKRUPTCY LEGISLATION AMENDMENT BILL 2009

HEALTH INSURANCE AMENDMENT (NEW ZEALAND OVERSEAS TRAINED DOCTORS) BILL 2009

TRADE PRACTICES AMENDMENT (INFRASTRUCTURE ACCESS) BILL 2009

First Reading

Bills received from the House of Representatives.

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (12.26 pm)—I indicate to the Senate that these bills are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:
That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator LUDWIG (Queensland—Special Minister of State and Cabinet Secretary) (12.26 pm)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

Bankruptcy Legislation Amendment Bill 2009

The principal purpose of the amendments to be made by the Bankruptcy Legislation Amendment Bill 2009 is to modernize the national personal insolvency scheme and to make it more efficient.

These are tough economic times which are impacting on more Australians. In the 2009-09 financial year, there was an 11 per cent increase in personal bankruptcies and the 2008-2009 financial year also produced the highest ever level of personal insolvency activity—a total of 36,479 administrations. The vast majority of these are non-business bankruptcies principally involving consumer debts.

Quite often, people become bankrupt through no fault of their own as unforeseen circumstances hit them. The Government is also concerned that too many creditors are still using bankruptcy as a tool in debt collection as opposed to a last resort. However, the Government is also conscious of the needs of business at this time to be paid and paid on time.

In these circumstances, it is more important than ever that our system for dealing with bankruptcy is both fair to debtors and creditors. It is also important to the broader Australian economy that we have strong but fair bankruptcy laws.

Our bankruptcy system must enable small and large businesses to efficiently and cost-effectively recover their debts. However, it must also ensure that individuals are not prevented from making a meaningful contribution to the economy because of the stigma of bankruptcy or because they are burdened by excessive debt and fees arising from bankruptcy.

In short, our bankruptcy laws must strike a balance between the need for fairness and the need to ensure a strong economy.

This Bill strikes that balance.

The provisions contained in this Bill have been the subject of extensive consultation. Following discussions with industry stakeholders earlier this year, I released an exposure draft of the Bill on 25 August 2009 and invited interested parties to make submissions.

I received submissions from a wide variety of stakeholders including creditors, financial counsellors and members of the public. The provisions in the Bill relating to trustee remuneration and offences were also the subject of extensive consultation in 2007 and 2008.

I turn now to a few specific aspects of the Bill that I wish to briefly outline.

The Bill provides that the minimum amount upon which a creditor can petition for a debtor’s bankruptcy will increase to $10,000. Bankruptcy is a complex and costly process and it is inappropriate to use bankruptcy to recover debts of not much more than $2,000.

The current minimum amount for a creditor’s petition was originally set in 1996. Currently a creditor can petition for bankruptcy when a debtor owes at least $2,000. The increase in the minimum amount to $10,000 is not merely intended to reflect the increase in the value of money since 1996. Rather it is also intended to reflect the significant increase in the overall levels of personal debt since 1996.

The current minimum amount for a creditor’s petition was originally set in 1996. Currently a creditor can petition for bankruptcy when a debtor owes at least $2,000. The increase in the minimum amount to $10,000 is not merely intended to reflect the increase in the value of money since 1996. Rather it is also intended to reflect the significant increase in the overall levels of personal debt since 1996.

As I have stated, the Government is conscious of the importance to business, especially small business, of prompt payment of bills. However, bankruptcy should be a last resort for creditors and debtors alike.

Creditors have other options available to collect small debts and should have systems in place to manage the debts owed to them. Options include negotiated payment arrangements, civil debt re-
covery, garnisheeing income and seizing assets. These are more appropriate than bankruptcy for recovering a small debt. Furthermore, last financial year, only 20 per cent of bankruptcies related to debts between $2000 and $10000.

The Bill provides for an increase in the stay period for a declaration of intent to file from seven days to 28 days. When a debtor files a declaration of intent to file creditors are barred from taking any action to collect any debts during the stay period.

Increasing the stay period from seven days to 28 days will give debtors a more realistic opportunity to properly assess their options. A debtor can use the stay period to consult with a financial counsellor, a legal practitioner or to negotiate with his or her creditors.

The amendments will also require the Official Receiver to notify creditors where a debtor files a declaration. This may be the first time some creditors become aware of the extent of the debtor’s financial problems. This amendment will allow creditors to be proactive in assisting the debtor to find an alternative to bankruptcy.

When a debtor files a declaration of intent to file they will be required to lodge a statement of affairs. The requirement to lodge a statement of affairs will protect the interests of creditors.

The Bill provides for a 20 per cent increase in the income threshold for debt agreements. A debt agreement is a voluntary agreement between a debtor and creditors proposed by the debtor.

With increases in wages and availability of credit in recent years, it is appropriate that the income thresholds for debt agreements be moderately increased. This increase will make debt agreements more widely available.

In recent years debt agreements have become an increasingly popular alternative to bankruptcy. They provide a viable alternative to bankruptcy for many debtors and they provide far superior returns to creditors when compared with bankruptcy.

It is in both the interests of a bankrupt and their creditors, that an estate is not unnecessarily diminished by the fees incurred in its administration. Trustee remuneration should be reasonable and reflect the value of the work. As a result, this Bill provides a more streamlined and fairer process for fixing and reviewing trustee remuneration. It also ensures that creditors have proper oversight of a trustee’s administration of a bankrupt’s estate.

In particular, the Bill:

- provides a minimum entitlement to remuneration which recognises the basic work that every trustee must do in administering an estate;
- reinforces the basic principles that remuneration above that minimum entitlement must be approved by creditors and that all remuneration must be paid from the estate;
- provides trustees with certainty concerning approval of their remuneration; and
- provides an effective and accessible mechanism for reviewing remuneration and costs incurred by the trustee.

Finally, the Bill also includes provisions related to offences. These amendments will help ensure that any criminal or improper activity by bankrupts is dealt with appropriately.

These amendments will also assist in highlighting the different treatment for bankrupts who engage in criminal activity compared with those who are simply unfortunate.

In summary, the Government is committed to ensuring our bankruptcy laws are able to deal with personal insolvency issues quickly and efficiently so that people can get back on their feet as soon as possible. However, the Government also concerned that there are proper protections for creditors and that bankruptcy laws are not misused.

I commend the Bill.

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Health Insurance Amendment (New Zealand Overseas Trained Doctors) Bill 2009

The Health Insurance Amendment (New Zealand Overseas Trained Doctors) Bill 2009 will amend the Health Insurance Act 1973 (the Act).

The Bill proposes to streamline the operation of section 19AB of the Act. Section 19AB provides that Medicare benefits are not payable in respect of professional services provided by an overseas
trained doctor or a former overseas medical student, except in certain circumstances.

Changes resulting from the Bill
Overseas trained doctors and former overseas medical students who were first recognised after 1 January 1997 have generally been restricted from providing professional services that attract Medicare benefits for a period of 10 years.

This is commonly referred to as the ‘10 year moratorium’.

New Zealand citizens and permanent resident doctors practising in Australia are currently subject to this restriction.

Overseas trained doctors and former overseas medical students may be granted an exemption from these restrictions. A primary consideration in granting such a section 19AB exemption is that an applicant must work in a district of workforce shortage.

Section 19AB of the Act is therefore a key mechanism by which the Government influences the distribution of the medical workforce in rural and remote areas of Australia, so that areas of workforce shortage have appropriate access to medical services.

The 10 year moratorium has proven to be an effective mechanism in ensuring that overseas trained doctors provide services to those communities in greatest need, which tend to be rural and remote.

The proportion of overseas trained doctors is significantly higher in rural and remote areas – 41% of all doctors in these areas have trained overseas. This has been due in part to Medicare provider number restrictions imposed by the Act.

Despite the recent increases in medical students and emerging increases in medical graduates, our communities continue to be reliant upon overseas trained doctors. In this respect, we are no different to other OECD countries with Canada, the United Kingdom, New Zealand and the United States of America, the percentage of foreign-trained doctors has increased significantly.

There are four measures proposed in this Bill.

(1) The Bill proposes to remove the restrictions imposed by the Act on New Zealand citizen and permanent resident doctors in relation to their access to the Medicare benefits arrangements.

The amendment will lift those restrictions so that New Zealand citizens and permanent resident doctors who obtain their primary medical degree from an Australian or New Zealand medical school will no longer belong to the category of ‘overseas trained doctor’ and ‘former overseas medical student’. Consequently, they will no longer be restricted by the 10 year moratorium imposed by the Act.

It is important to note that New Zealand resident and citizen doctors will still be subject to the requirement that they have appropriate recognition of their qualifications in order to access the Medicare benefits system.

(2) The Bill will rename the term ‘former overseas medical students’, which is defined in the Act as students of Australian medical schools who were not an Australian citizen or permanent resident when they enrolled in their primary medical degree at an Australian medical school.

This term will be renamed ‘foreign graduate of an accredited medical school’ to more accurately reflect its meaning. The current provision in the Act that subjects this category of doctors to the 10 year moratorium remains unchanged.

(3) The Bill proposes to introduce a time limit for seeking a review of a decision to refuse an application for a section 19AB exemption or a decision to impose conditions on an exemption.

Currently, the Act provides no time limit for applying for a review of a rejected exemption application. The amendment will insert a provision into the Act which will allow applicants to apply for a review of a decision within 90 days of a refusal. The amendment will also include a 90 day period for a review of a decision to impose one or more conditions on a section 19AB exemption.

(4) The Bill also proposes to rectify an anomaly in the Act which currently counts the 10 year moratorium from the time the overseas trained doctor achieves Australian permanent residency or citizenship.

Most overseas trained health professionals enter Australia through the temporary skilled visa categories for initial periods of up to four years. For
example, the temporary Medical Practitioner Visa Subclass 422 was extended from two to four years in 2003. In addition, since 2005, medical practitioners have been able to access the Business Long Stay Visa Subclass 457 which allows a visa holder to remain in Australia for up to four years.

During the four years some medical practitioners seek additional assessment and apply to migrate to Australia permanently following a positive assessment by the relevant professional body and/or registration board.

The way in which the 10 year moratorium is currently counted excludes the years of tenure as a temporary resident, so overseas trained doctors may be prevented from providing professional services which attract Medicare benefits for in excess of 10 years.

This amendment proposes that the 10 year restriction will commence from the time the medical practitioner is first registered as a medical practitioner in Australia, and will cease after 10 years, provided the medical practitioner has gained Australian permanent residency or citizenship during that period.

The 10 year moratorium will continue to be used, along with the reforms to be implemented under the Rural Health Workforce Strategy, to recruit and retain GPs in rural and remote Australia–however, these measures make sure the system is a fairer system that recognises the service to districts of workforce shortage.

As part of our $134 million rural package in the 2009 Budget–the 10 year moratorium will also be scaled, so that the more remote you go, the shorter the moratorium. From 1 July 2010, more than 3,600 overseas trained doctors who have restrictions on where they can practise will be able to discharge their obligations sooner, the more remote the location in which they choose to work.

The 10 year moratorium, therefore, will no longer be as stringent as it has been since its introduction in 1997.

This package of reforms to this section of the Act complements the significant workforce reforms already underway– making the system more transparent, fairer and consistent with Government policy.

**Workforce reform**

Our workforce reform program has to date delivered the biggest ever investment in workforce through a $1.6 billion COAG partnership that will help to deliver training for the huge increase in Australian trained graduates which will increase from 12,700 this year to 14,700 in 2013.

This funding will help support undergraduate clinical training for 13,800 medical students, 38,500 nursing students and 18,000 allied health students in 2010.

We are also providing $28 million to help train around 18,000 nurse supervisors, 5,000 allied health and VET supervisors, and 7,000 medical supervisors.

Alongside this, we are increasing the availability of specialty workforce places, by boosting the total number of GP training places to more than 800 from 2011 onwards – a 33 per cent per cent increase on the cap of 600 places imposed by the former government and providing more specialist training places outside the traditional public hospital settings.

This year’s Federal Budget also delivers more than $200 million to help tackle the shortage of doctors and health workers in rural and remote Australia, and to improve access to the health and medical services of seven million Australians who live in regional or remote areas.

At the same time, we are streamlining the multiplicity of rural programs to make it easier for doctors and easier for communities to understand and access the initiatives that will help to build the rural health workforce for the future.

New access to choice in maternity services and Nurse Practitioner services will also be enabled through Bills which are currently before the Senate.

The commencement date for these provisions to take effect is 1 April 2010 or on Royal Assent, whichever is the later date.
Trade Practices Amendment (Infrastructure Access) Bill 2009


This Bill does not aim to strengthen or weaken the criteria for application of the National Access Regime. It delivers on commitments made by the Council of Australian Governments under the Competition and Infrastructure Reform Agreement, and includes other reforms, to streamline the National Access Regime.

The National Access Regime seeks to promote competition in markets that depend on the use of infrastructure that cannot be economically duplicated. Without such regulation, owners of this infrastructure might deny access to their facilities by prospective users or charge monopoly prices for their services.

The Regime is not designed to replace commercial negotiations between facility owners and access seekers. Rather, it seeks to enhance the incentives for negotiation and provide a means of access on reasonable terms and conditions if negotiations fail.

Under the Regime, there are three ways for a business to gain access to a service.

The first approach is when a service has been declared under the National Access Regime. When a service is declared, the ACCC can make a binding arbitration determination if commercial negotiations between the access seeker and service provider are unsuccessful.

The second is through an industry-specific state or territory regime that has been certified as effective according to the agreed criteria.

The third is when access is provided under the terms and conditions specified in an approved undertaking given by the service provider.

Responsibility for administering the arrangements is divided among the National Competition Council, the ACCC and the Australian Competition Tribunal. Various state and territory regulators are responsible for administering certified state access regimes.

Since its introduction in 1995, the National Access Regime has proven to be an innovative and important piece of economic regulation.

Although determinations under Part IIIA have been relatively few in number, the Regime influences the framework for the provision of access in most of Australia’s key infrastructure sectors.

However, infrastructure owners and access seekers have argued that processes under the Regime are too lengthy and costly.

Indeed, some owners of nationally significant infrastructure have expressed concerns that the Regime is generating regulatory risks that may hinder investment in essential infrastructure.

The Government acknowledges that delays and costs in decision-making under the Regime may be having an adverse effect on important infrastructure investment that is needed to underpin economic growth and national productivity.

In 2001, the Productivity Commission reviewed the National Access Regime.

The Productivity Commission supported the retention of the Regime but made recommendations to improve its operation and improve the certainty and transparency of regulatory processes.

The majority of these recommendations were endorsed by the former Government and effected through amendments to the Trade Practices Act in 2006.

That year COAG agreed to the Competition and Infrastructure Reform Agreement.

Under this agreement, all jurisdictions agreed to streamline regulatory processes in their access regimes.

This included incorporating binding time limits and a limited form of merits review for regulatory decisions.

In November 2008, COAG agreed to the National Partnership Agreement to Deliver a Seamless National Economy which reaffirmed COAG’s commitment to complete outstanding reforms under the Competition and Infrastructure Reform Agreement.

CHAMBER
This Bill implements the Australian Government’s commitments under the agreement. I will now deal in turn with each of these reforms starting with binding time limits.

The 2006 reforms to the National Access Regime introduced target time limits for the decisions of regulators. However, there remains a widespread view that more needs to be done to improve the timeliness and effectiveness of regulatory decision-making under the Regime.

COAG has also committed to implementing binding time limits in access regimes.

This Bill provides that regulators must make decisions under the National Access Regime within a statutory time period. For the National Competition Council, ACCC and Australian Competition Tribunal, this is generally a period of six months. For Ministers, a decision must be made within 60 days of receiving a recommendation from the National Competition Council. This is in line with the existing statutory time frames for declaration decisions.

In calculating the time for making decisions, certain periods of time will be disregarded through ‘clock stoppers’. The main clock stoppers would occur when the regulator and the parties to the decision agree to stop the clock, or when the regulator requests information or invites public submissions.

Where Ministers or the ACCC do not make a decision in the expected period they will be deemed to have made a decision according to the provisions of the Bill.

The ACCC will be deemed to have made a decision that access is not to be regulated under the National Access Regime.

Consistent with a 2001 Productivity Commission recommendation, Ministers who do not make a decision will be deemed to have made a decision that accords with the National Competition Council’s recommendation.

It is not practical to deem a decision by the National Competition Council, as its role is to make recommendations, or the Tribunal since its role is to review decisions. Accordingly, these bodies may extend the time limit for making decisions. However, I anticipate that extensions would rarely be used.

I now turn to the merits review process.

There are concerns that current review processes under the Regime are too lengthy. Concerns have been raised about the ability of parties in a review to provide additional information to the Australian Competition Tribunal that had not been provided to the original decision-maker in their deliberations.

In light of this, COAG agreed that where merits review is available, the review should be limited to considering the information provided to the original decision-maker.

The Bill provides that where merits review of decisions under the Regime is available, the Australian Competition Tribunal may only have regard to the information taken into account by the original decision-maker.

The Tribunal may only seek additional information to clarify information provided to the original decision-maker or from the National Competition Council or the ACCC in their role of assisting the Tribunal.

Uncertainty about whether the Regime will apply to new infrastructure may hinder investment decisions. The Regime does not currently allow a person who is considering building an infrastructure facility to determine with certainty whether or not the proposed facility would be declarable.

The Bill provides for an upfront decision that a service to be provided by a proposed infrastructure facility is ineligible to be a declared service. Once the Minister decides that a service is ineligible, it cannot be declared for at least 20 years, or longer as provided for in the Minister’s decision.

A similar mechanism is also available under the National Gas Law for ‘greenfields’ pipeline projects.
This reform will enhance regulatory certainty for potential investors in major new infrastructure.

To improve regulatory certainty, the Bill will also enable a service provider to submit an access undertaking to the ACCC which includes one or more terms that will apply for a certain period beyond the expiry date of the undertaking.

These terms, referred to in the Bill as ‘fixed principles’, will help to ensure that investors and access seekers have greater certainty regarding the terms and conditions of access to the service under future access arrangements.

Once accepted by the ACCC, the fixed principle must be included in any subsequent undertaking covering that particular service for as long as the fixed principle is in operation. The fixed principle may only be varied or withdrawn with the consent of the ACCC.

Regulatory risk for infrastructure investors could also be reduced if access undertakings were allowed to contain fixed principles which apply to any subsequent access undertakings for that infrastructure service.

When important variables are fixed, service providers and access seekers can more easily extrapolate the terms and conditions for access under future arrangements.

For example, a fixed principle could apply to the method of calculating the value of an asset base in current and subsequent undertakings. This would allow access providers and seekers to extrapolate access prices in future access arrangements, thus delivering greater certainty in investment planning.

A similar mechanism is available under the access regulation of gas pipelines under the National Gas Law.

The Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 currently before the Parliament also includes provision for the ACCC to determine fixed principles in relation to access determinations for telecommunications services under Part XIC of the Trade Practices Act.

The Bill includes a number of other mechanisms to improve the efficiency of decision-making under the Regime.

Currently, the ACCC does not have the power to accept access undertakings which have been revised following the service provider agreeing to amendments. Instead, for a revised undertaking to be accepted it must be withdrawn and resubmitted. Not only does this cause delays and increase costs but it may give rise to a perception that an infrastructure provider, which has voluntarily agreed to provide third-party access, has acted improperly.

This may reduce incentives for infrastructure providers to submit access undertakings. The Bill streamlines consideration of undertakings by allowing the ACCC to accept such undertakings when certain amendments have been made.

The Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 currently before the Parliament also includes provision for the ACCC to accept special access undertakings subject to amendments under Part XIC of the Trade Practices Act.

The Bill will introduce measures to streamline the declaration test under the Regime.

The declaration test under the Regime requires Ministers and the National Competition Council to be satisfied of certain matters.

Firstly, the Health and Safety matter will be removed.

This required the National Competition Council or Minister to be satisfied that if the service is declared access can be provided without undue risk to human health or safety.

This matter is misplaced as a consideration for declaration, because health and safety issues are properly managed by other relevant regulation, irrespective of whether access is available for third parties.

If in exceptional circumstances it is a relevant consideration, the ACCC can consider these issues in an arbitration of an access dispute.

Secondly, the Effective Access Regime matter will be amended so that designated Ministers must only consider State or Territory access regimes that have been certified as effective under
the National Access Regime by the Commonwealth Minister.

Currently, any access regime that may cover the service must be considered and assessed against the certification principles in clause 6 of the COAG Competition Principles Agreement. This can be an extensive exercise.

This reform will streamline the National Competition Council and Minister’s assessment of declaration applications by only requiring an assessment of whether certified state or territory regimes apply to the service.

This reform is consistent with the commitment by States and Territories under the Competition and Infrastructure Reform Agreement to seek certification of their access regimes for nationally significant infrastructure by the end of 2010.

Once a regime has been certified, access seekers must use the certified state or territory regime. The service cannot be declared, nor can an access undertaking be approved under the National Access Regime.

I now turn to amendments to declaration applications.

The Bill clarifies the National Competition Council’s existing ability to accept variations to applications where appropriate.

The National Competition Council will be able to accept variations to declaration applications where the variation would not cause undue delay or unduly prejudice the interests of others.

The Bill also allows the National Competition Council to make decisions by circulation of a document for signature.

A decision without a meeting must be a unanimous decision of all councillors (except those who are unable to vote on the resolution due to a pecuniary conflict of interest). This will improve the National Competition Council’s decision-making processes.

Decision making processes of the Australian Competition Tribunal will also be improved by the Bill. Currently, any decision to declare a service is automatically stayed by an appeal to the Tribunal. This creates a strong incentive for service providers to commence appeals and then delay their completion.

To address this concern, the Tribunal will be empowered to determine whether a stay is appropriate.

If a stay is not granted, access seekers may begin to negotiate with the service provider, and may lodge an access dispute with the ACCC if negotiations are unsuccessful.

The ACCC will be able to commence arbitration but will not be able to make a final decision until the Tribunal makes a decision on the review. If the Tribunal overturns the decision, the arbitration is terminated.

This will speed up the resolution of access disputes as preliminary matters may be settled in advance of the Tribunal’s final decision.

Another improvement to the operation of the Tribunal relates to the ability to award costs in review of declaration decisions.

Unlike most court proceedings, and unlike matters arising in the Tribunal in relation to the regulation of gas pipelines, there is currently no provision for ordering costs in reviews of declaration decisions.

Allowing the Tribunal to order costs will reduce incentives for delaying tactics, frivolous review applications and other inappropriate behaviour.

In conclusion, this Bill contains a number of modest but important measures to increase regulatory certainty and improve decision-making processes under the National Access Regime.

With the release of the latest population projections, suggesting a population of 35 million by 2049, Australia is facing a huge infrastructure investment challenge. That challenge is compounded by the imperative of ensuring there is efficient national export infrastructure to enable Australia to respond to the opportunities presented by the phenomenal growth of China and other countries in our region. As a Parliament, we need to ensure there are strong private sector incentives to make the infrastructure investments Australia needs and to promote the efficient use of that infrastructure.
I would like to thank my predecessor, the Hon Chris Bowen MP, for his efforts in developing this reform package.

I would also like to thank Premiers and Chief Ministers for providing their views on the reform package.

I appreciate the efforts of the National Access Regime regulators in assisting with the development of the Bill.

Ordered that further consideration of the second reading of these bills be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

Ordered that the bills be listed on the Notice Paper as separate orders of the day.

ADJOURNMENT

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (12.27 pm)—I move:

That the Senate, at its rising, adjourn till Tuesday, 2 February 2010 at 12.30 pm or such other time as may be fixed by the President or, in the event of the President being unavailable, by the Deputy President, and that the time of meeting so determined shall be notified to each senator.

Question agreed to.

LEAVE OF ABSENCE

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (12.27 pm)—I move:

That leave of absence be granted to every member of the Senate from the end of the sitting today to the day on which the Senate next meets.

I also wish Harry Evans well in retirement and give my best wishes to my PLO, Ayesha Perry, who is going on to a new career. I also thank the attendants and the clerks for their work this year. Best wishes to all.

Question agreed to.

VALEDICTORIES

Senator HOGG (Queensland) (12.28 pm)—I take the opportunity at the end of the 2009 sittings to thank, firstly, the Clerk of the Senate, Harry Evans, the longest serving Clerk of the Senate. I would like to acknowledge his unquestionable commitment to the Senate, which we have all benefited from. Thanks to the Deputy Clerk, whom we welcome into the position of Clerk. Thanks also to the other clerks at the table for their support and advice. Thanks to all senators, including the Deputy President and Chair of Committees, Senator the Hon. Alan Ferguson; the temporary chairs, who run this chamber on a daily basis; and the Usher of the Black Rod, the Deputy Usher of the Black Rod and the Black Rod staff.

Thanks to the chamber support staff, in particular the attendants and the mail attendants. Thanks to the Table Office and the procedure office. They all provide efficient and professional support to make for the smooth running of the Senate. I thank the staff of the committee office, who consistently produce substantial and timely reports; all other Department of the Senate staff, including Senate IT and Senate printing; the Department of Parliamentary Services, led by Alan Thompson, including the landscape staff, Art Services, Facilities Management, guide service, client services, IT, broadcasting and Hansard; the Parliamentary Library under the direction of Parliamentary Librarian Roxanne Missingham; the Parliamentary Relations Office; and the Parliamentary Education Office, who this year in this building taught over 90,000 young Australians about our parliament.

I also thank those who work in security and for protective services at Parliament House, in particular Superintendent Mark Andrews, Protective Security Controller at Parliament House, who will be retiring after five years of service in that position. Thanks to Health and Recreation Centre staff; the Speaker and his staff; staff of my private office, including those in Queensland; and all other people who work in Parliament House.
and in electorate offices right around Australia. Finally, I extend my best wishes to all 2009 staff and colleagues, including those who have retired or who are retiring soon, and I say thank you. I thank the Senate.

**BUSINESS**

**Rearrangement**

**Senator CHRISS EVANS** (Western Australia—Leader of the Government in the Senate) (12.30 pm)—I seek leave to move a motion to vary the hours of meeting today.

Leave granted.

**Senator CHRISS EVANS**—I move:

That the Senate continue to sit between 12.30 pm and 12.40 pm.

Question agreed to.

**VALEDICTORIES**

**Senator CHRISS EVANS** (Western Australia—Leader of the Government in the Senate) (12.30 pm)—by leave—I thank the Senate for its cooperation. We thought we would extend for 10 minutes to allow for party leaders to thank all senators and staff for their contribution to the efficient running of the Senate this year. As we break for Christmas, I know the parliamentarians are relieved but I am sure the staff are very relieved as well to see the back of us. I just ran into a journalist who said, ‘Would you please go home.’ That was not personally directed at me, it was directed at the whole parliamentary team.

I wish all staff of the Senate and the parliament generally best wishes for Christmas, and I hope they are able to have some time off to spend with their families. I never cease to marvel at the courtesy and service afforded to senators by staff in this building. Despite our behaviour and demands, they always treat people with enormous respect and courtesy and provide service in the best traditions of the Public Service. Obviously we have had a difficult few weeks. I know my colleagues on the other side of the chamber had a very difficult few weeks. Having been there and done that, I do not envy them that time. I am sure they will be very glad to get a break from that. We went through it, though I am not sure whether we went through it with quite the intensity or whether we achieved the spectacular levels seen in the last couple of weeks. But we have been there and we do understand the pain.

As well as thanking staff, I want to particularly mention Senator Wong, who has done a fantastic job for us on a very difficult piece of legislation and economic policy. I know she has to go to Copenhagen, but I wish her a break over the summer period. I also thank Senators Ludwig and O’Brien, who have been responsible for the very difficult job of getting the government’s legislation through and managing this chamber in a minority position. To Senator Minchin, the minor parties and the independents, I wish them all an enjoyable break. I hope they get time to spend with their families. I thank you, Mr President.

**Senator MINCHIN** (South Australia—Leader of the Opposition in the Senate) (12.33 pm)—by leave—I endorse your remarks, Mr President, and the remarks of the Leader of the Government in the Senate, particularly with respect to the extraordinarily hard working, professional and diligent officers and officials of this great chamber. For Harry Evans, this is an august occasion. Our longest serving Clerk is retiring. We wish him well. Again, I congratulate Rosemary Laing on her succession as Clerk. We wish her all the very best in her new role and the very best to all those who support Rosemary in her very important duties. To the Black Rod, I thank you for all you have done this year.

I want to thank you, Mr President, for the way you have presided over this chamber so
professionally and, I think, fairly and impartially throughout this year. I thank the government for the extent to which there has been cooperation between the government and the opposition. As we all know, to make this chamber work at all cooperation is essential. It is not like the House of Representatives. Unless there is some degree of cooperation, nothing will happen in this chamber. I thank them at least for that. I thank the government for their sympathies for the interesting week or two that we have just had. We are trying to learn from the Labor Party, as best we can, how to manage these affairs—perhaps we are still learning.

May I also express my sympathies to the government, who have no doubt been receiving phone calls from Mr Rudd wherever he may be, saying, ‘What on earth are you guys doing?’ We wish Mr Rudd a happy Christmas as well. I particularly want to thank Senator Parry for the tremendous job he has done this year wearing two hats for the opposition, as Chief Opposition Whip and as Manager of Opposition Business—a unique combination. He has done superbly well and we thank him for that.

Senator Chris Evans—He has resigned, though.

Senator MINCHIN—I think he might be back in the job. Something tells me he is back! While this year has been interesting, next year will be even more interesting—it being an election year, one way or the other. The government have an interesting decision to make now that, as I understand it, according to section 57 there may be the grounds for a double dissolution. We all await with interest the decision of the government. Next year is an election year in any event. I certainly intend to, and I hope all senators do, have a good, long and relaxing Christmas break and come back refreshed for what no doubt will be another entertaining year.

Senator FIELDING (Victoria—Leader of the Family First Party) (12.35 pm)—by leave—I want to say a big thank you to all the staff involved in serving senators. They serve us with great passion and professionalism. I thank them sincerely for all their work. I asked Harry Evans the other day whether he had ever seen anything like the end of this year. He said, ‘No.’ I suppose he is going out with a big bang given what we have seen lately. I want to say a big thank you to Harry. To Rosemary, I am sure you will do a tremendous job in filling Harry’s very big shoes. Mr President, I think you have allowed a couple of my mistakes to not get punished too hard. I appreciate that and I appreciate the fairness with which you administer this sometimes rowdy chamber. I wish all senators a very merry Christmas and a safe and happy new year.

Senate adjourned at 12.36 pm

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]

Acts Interpretation Act—Select Legislative Instrument 2009 No. 319—Acts Interpretation (Registered Relationships) Amendment Regulations 2009 (No. 1) [F2009L04295]*.

Australian Citizenship Act—Select Legislative Instrument 2009 No. 330—Australian Citizenship Amendment Regulations 2009 (No. 2) [F2009L04337]*.

Australian Prudential Regulation Authority Act—Australian Prudential Authority (Confidentiality) Determination No. 18 of 2009—Information provided by locally-incorporated banks and foreign ADIs under Reporting Standard ARS 320.0 [F2009L04333]*.

Civil Aviation Act—
Civil Aviation Regulations—
Civil Aviation Order 82.6 Amendment Order (No. 1) 2009 [F2009L04350]*.
Instruments Nos CASA—
529/09—Instructions – for approved use of P-RNAV procedures (A330-200/300) aircraft [F2009L04153]*.
532/09—Authorisation, permission and direction – helicopter special operations [F2009L04198]*.
545/09—Approval – operations without an approved digital flight data recorder [F2009L04311]*.
EX104/09—Exemption – refuelling with passengers on board [F2009L04323]*.
Civil Aviation Safety Regulations—
Airworthiness Directives—
AD/BELL 206/172 Amdt 1—Power Turbine RPM Steady State Operation Avoidance [F2009L04352]*.
AD/DAUPHIN/83 Amdt 2—Tail Rotor Gearbox Oil Level and Pitch Control Rod Bearing [F2009L04351]*.
AD/PC-12/58—Air Data Attitude & Heading Reference System [F2009L04353]*.
AD/SF340/9 Amdt 2—Power Control Cable [F2009L04362]*.
AD/SF340/16 Amdt 1—AC Generator P/N 31342-001 [F2009L04366]*.
Instruments Nos CASA—
EX101/09—Exemption – provision of Part 139H of CASR 1998 – application of foam by attack vehicle monitor [F2009L04376]*.
EX105/09—Exemption – participation in land and hold short operations [F2009L04360]*.
Commissioner of Taxation—Public Rulings—
Corporations Act—Select Legislative Instruments 2009 Nos—
327—Corporations Amendment Regulations 2009 (No. 8) [F2009L04316]*.
328—Corporations Amendment Regulations 2009 (No. 9) [F2009L04307]*.
Tariff Concession Orders—
0911328 [F2009L04225]*.
0911330 [F2009L04227]*.
0911333 [F2009L04226]*.
0911336 [F2009L04228]*.
0911694 [F2009L04235]*.
0911881 [F2009L04231]*.
0911882 [F2009L04233]*.
0912331 [F2009L04234]*.
Defence Force Discipline Act—Select Legislative Instrument 2009 No. 323—Defence Force Discipline Amendment Regulations 2009 (No. 1) [F2009L04315]*.
Environment Protection and Biodiversity Conservation Act—
Amendments of lists of exempt native specimens—
EPBC303DC/SFS/2009/37 [F2009L04372]*.
EPBC303DC/SFS/2009/43 [F2009L04356]*.
EPBC303DC/SFS/2009/44 [F2009L04359]*.
EPBC303DC/SFS/2009/45 [F2009L04354]*.

CHAMBER
EPBC303DC/SFS/2009/46
[F2009L04358]*.
Select Legislative Instrument 2009 No. 302—Environment Protection and Biodiversity Conservation Amendment Regulations 2009 (No. 3) [F2009L04193]—Explanatory Statement [in substitution for explanatory statement tabled with instrument on 17 November 2009].

Export Control Act—Export Control (Orders) Regulations—Export Control (Fees) Amendment Orders 2009 (No. 2) [F2009L04375]*.


Family Law Act—Select Legislative Instruments 2009 Nos—
321—Family Law (Superannuation) Amendment Regulations 2009 (No. 2) [F2009L04293]*.
322—Family Law Amendment Regulations 2009 (No. 2) [F2009L04294]*.


Financial Sector (Collection of Data) Act—Financial Sector (Collection of Data) (Reporting Standard) Determination No. 29 of 2009—Reporting Standard FRS 100.0 Reporting Requirements for First Home Saver Accounts Providers [F2009L04331]*.

Fisheries Management Act—
Fisheries Management (Southern and Eastern Scalefish and Shark Fishery – Variation of Total Allowable Catch) Temporary Order 2009 (No. 2) [F2009L04310]*.

Fisheries Management (Southern Bluefin Tuna Fishery Management Plan) Temporary Order 2009 (No. 2) [F2009L04349]*.


Select Legislative Instrument 2009 No. 318—Fisheries Management (Southern Bluefin Tuna Fishery) Amendment Regulations 2009 (No. 1) [F2009L04289]*.


Higher Education Support Act—List of Grants under Division 41 (Research), dated 15 December 2008 [F2009L04336]*.

Household Stimulus Package Act (No. 2)—Household Stimulus Payments Administrative Scheme (FaHCSIA) Determination 2009 [F2009L04379]*.

Income Tax Assessment Act 1936—Select Legislative Instrument 2009 No. 334—Income Tax Amendment Regulations 2009 (No. 3) [F2009L04313]*.

Independent Contractors Act—Select Legislative Instrument 2009 No. 333—Independent Contractors Amendment Regulations 2009 (No. 1) [F2009L04308]*.

Migration Act—Select Legislative Instrument 2009 No. 331—Migration Amendment Regulations 2009 (No. 14) [F2009L04326]*.

National Health Act—Instruments Nos PB—
115 of 2009—Amendment determination — Pharmaceutical Benefits — Early Supply [F2009L04346]*.

117 of 2009—Determination made pursuant to subsection 84AE(3) [F2009L04374]*.

Nuclear Non-Proliferation (Safeguards) Act—Select Legislative Instrument 2009 No. 338—Nuclear Non-Proliferation (Safeguards) Amendment Regulations 2009 (No. 1) [F2009L04342]*.


Patents Act, Trade Marks Act and Designs Act—Select Legislative Instrument 2009 No. 332—Intellectual Property Law Amendment Regulations 2009 (No. 2) [F2009L04297]*.

Privacy Act—Select Legislative Instrument 2009 No. 326—Privacy (Private Sector) Amendment Regulations 2009 (No. 2) [F2009L04306]*.

Quarantine Act—Quarantine Service Fees Amendment Determination 2009 (No. 3) [F2009L04300]*.

Remuneration Tribunal Act—Select Legislative Instruments 2009 Nos—

325—Remuneration Tribunal (Members’ Fees and Allowances) Amendment Regulations 2009 (No. 1) [F2009L04330]*.

339—Remuneration Tribunal (Miscellaneous Provisions) Amendment Regulations 2009 (No. 1) [F2009L04347]*.

Safety, Rehabilitation and Compensation Act—Select Legislative Instrument 2009 No. 336—Safety, Rehabilitation and Compensation Amendment Regulations 2009 (No. 1) [F2009L04329]*.

Schools Assistance Act—Select Legislative Instrument 2009 No. 324—Schools Assistance Amendment Regulations 2009 (No. 2) [F2009L04324]*.

Social Security (Administration) Act—Social Security (Administration) (Declared relevant Northern Territory areas — Various) Determination 2009 (No. 12) [F2009L04343]*.


Student Assistance Act—Student Assistance (Education Institutions and Courses) Determination 2009 (No. 2) [F2009L04345]*.


Governor-General’s Proclamation—Commencement of provisions of an Act

Tax Agent Services Act 2009—Parts 2 to 5—1 March 2010 [F2009L04314]*.

* Explanatory statement tabled with legislative instrument.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Boston Consulting Group and Allen Consulting Group
( Question Nos 1752 and 1753)

Senator Ronaldson asked the Minister representing the Minister representing the Minister for Housing and the Minister for the Status of Women, upon notice, on 10/06/2009:

Can a list be provided of contracts awarded to: (a) the Boston Consulting Group; and (b) the Allen Consulting Group, by the department and/or any of its agencies, of any value, between 1 January 2008 and 31 May 2009, including the value and primary deliverable of the contract.

Senator Wong—the Minister for Housing and the Minister for the Status of Women has provided the following answer to the honourable senator’s question:

The department did not award any contracts to Boston Consulting Group in the period requested.

There were 6 contracts awarded to Allen Consulting Group. See the attached table for details.

<table>
<thead>
<tr>
<th>Contract Description</th>
<th>Key Deliverable</th>
<th>Start Date</th>
<th>End Date</th>
<th>Contract Value (inc GST)</th>
<th>Source method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of the Global Financial Crisis (GFC) on non-profit management operations research project</td>
<td>Undertake research and analysis on the impact of the Global Financial Crisis (GFC) on non-profit organisations’ management operations by developing, hosting and inviting participation in online survey.</td>
<td>11-May-09</td>
<td>30-Jun-09</td>
<td>53,350.00</td>
<td>Select tender through Social Policy Research &amp; Evaluation Panel (SPREP Panel – created via Open Market approach in 2007)</td>
</tr>
<tr>
<td>Impact of the Global Financial Crisis (GFC) on corporate-community investment research project</td>
<td>Undertake research and analysis on the impact of the Global Financial Crisis (GFC) on corporate community investment operations by developing, hosting and inviting participation in online survey.</td>
<td>11-May-09</td>
<td>29-Jun-09</td>
<td>49,500.00</td>
<td>Select tender through SPREP Panel</td>
</tr>
<tr>
<td>Interactive Gambling in Australia (Desktop Study)</td>
<td>Undertake a desktop study and produce a final written report on existing and emerging interactive gambling technologies in Australia and overseas.</td>
<td>13-Jan-09</td>
<td>27-Feb-09</td>
<td>51,900.00</td>
<td>Select tender through SPREP Panel</td>
</tr>
<tr>
<td>Contract Description</td>
<td>Key Deliverable</td>
<td>Start Date</td>
<td>End Date</td>
<td>Contract Value (inc GST)</td>
<td>Source method</td>
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</tr>
<tr>
<td>Private Market</td>
<td>Review current and potential capacity for private market provision of disability accommodation through public-private-partnerships (PPPs); and propose practical strategies to increase private sector investment in housing for people with disability, particularly through PPPs.</td>
<td>11-Jul-08</td>
<td>30-Sep-08</td>
<td>145,415.00</td>
<td>Select tender through SPREP Panel</td>
</tr>
<tr>
<td>Disability Accommodation through Public-Private Partnerships</td>
<td>Information sharing - assist families &amp; children &amp; the child protection system</td>
<td>03-Aug-08</td>
<td>09-Sep-08</td>
<td>97,787.00</td>
<td>Select tender through SPREP Panel</td>
</tr>
<tr>
<td></td>
<td>Consultations, review and analysis regarding Information Sharing to assist families and children in the child protection system.</td>
<td>02-Jun-08</td>
<td>11-Nov-08</td>
<td>101,259.00</td>
<td>Select tender through SPREP Panel</td>
</tr>
</tbody>
</table>

**Treasury**  
(Question No. 2159)

Senator Ronaldson asked the Assistant Treasurer, upon notice, on 10 September 2009:

(1) Did the Minister have any ministerial letterhead produced using the funds or resources of his or her home department; if so: (a) how many sheets of letterhead were produced; and (b) what was the cost of the production of the letterhead.

(2) What was the total postage cost of mailings conducted by the Minister and/or Parliamentary Secretary using their departmental-funded franking machine.
(3) (a) What was the total cost, including production and distribution, of all direct mail pieces produced by the department, including as part of a government communications campaign, where the Minister or Prime Minister was the nominal author of the piece; and (b) can an itemised list be provided of: (i) production costs, and (ii) distribution costs.

Senator Sherry—The answer to the honourable senator’s question is as follows:
(1) No.
(2) Nil.
(3) Nil.

Finance and Deregulation: Website
(Question No. 2227)

Senator Abetz asked the Minister representing the Minister for Finance and Deregulation, upon notice, on 16 September 2009:

(1) Does the Minister and/or Parliamentary Secretary have a departmentally maintained website or websites; if so, can a list of these websites be provided.
(2) Can a list be provided of all redevelopments (including re-skins) of these websites since 24 November 2007, including: (a) the total cost for each redevelopment; (b) who undertook each redevelopment; and (c) whether the website, or draft versions thereof, were market-tested before going live; if so, by whom and what was the total cost of the market testing.
(3) Does the department: (a) post all of the Minister’s and/or Parliamentary Secretary’s press releases, speeches and transcripts on these websites; and (b) have any guidelines for the posting of political material on these websites.
(4) Has the department ever refused to post material on these websites due to their political nature; if so, on how many occasions.

Senator Conroy—The Minister for Finance and Deregulation has supplied the following answer to the honourable senator’s question:
(2) (a) In January 2008 the two ministerial websites were redeveloped as a result of the change of government at a total cost of $2,500. (b) The redevelopment was undertaken by the Department in consultation with the Ministers’ Offices. (c) The redeveloped websites were not market-tested before going live.
(3) (a) Only material that meets the criteria for posting on departmentally funded websites is uploaded to these websites. (b) Material is vetted before it is uploaded to the websites to ensure it complies with the Guidelines for Ministerial and Departmental Websites located at http://webpublishing.agimo.gov.au/Guidelines_for_Ministerial_and_Departmental_Websites.
(4) On several occasions, the Department has not posted transcripts/speeches. The Department does not maintain a record of these occasions.

Special Minister of State: Website
(Question No. 2234)

Senator Abetz asked the Special Minister of State, upon notice, on 16 September 2009:

(1) Does the Minister and/or Parliamentary Secretary have a departmentally maintained website or websites; if so, can a list of these websites be provided.
(2) Can a list be provided of all redevelopments (including re-skins) of these websites since 24 November 2007, including: (a) the total cost for each redevelopment; (b) who undertook each redevelopment; and (c) whether the website, or draft versions thereof, were market-tested before going live; if so, by whom and what was the total cost of the market testing.

(3) Does the department: (a) post all of the Minister’s and/or Parliamentary Secretary’s press releases, speeches and transcripts on these websites; and (b) have any guidelines for the posting of political material on these websites.

(4) Has the department ever refused to post material on these websites due to their political nature; if so, on how many occasions.

Senator Ludwig—The answer to the honourable senator’s question is as follows:
Please refer to the answer of the Minister representing the Minister for Finance and Deregulation (QoN 2227).

**Export Finance and Insurance Corporation**
*(Question No. 2363)*

Senator Bob Brown asked the Minister representing the Minister for Trade, upon notice, on 25 September 2009:

(1) Is the department and the Export Finance and Insurance Corporation (EFIC) considering extending facilities to companies involved in the Papua New Guinea (PNG) liquefied natural gas (LNG) project; if so: (a) what is the country of incorporation for each project partner or participant; and (b) is the main project sponsor registered in the Bahamas.

(2) Are applicants required to provide action plans pursuant to the International Finance Corporation Performance Standards before EFIC and the Government can extend an EFIC facility; if so: (a) will action plans be available for public comment; and (b) has Esso Highlands Limited, Santos and Oil Search provided EFIC with the required action plans.

(3) Will EFIC respond to public submissions on potential EFIC supported projects before it provides/extends EFIC facilities; if not, does this comply with Organisation for Economic Co-operation and Development’s ‘Common Approaches on the Environment and Officially Supported Export Credits’.

(4) Is the department and EFIC aware of concerns that Transparency International has expressed about the PNG LNG benefits sharing agreement; if so, will this affect their approach to the project.

Senator Carr—The Minister for Trade has provided the following answer to the honourable senator’s question:

(1) Yes, The extension of finance in support of the PNG LNG project is being considered.

(a) The current sponsors in the joint venture and their country of incorporation are:

- Exxon Mobil - (United States)
- Oil Search - (Papua New Guinea)
- Santos Limited - (Australia)
- Nippon Oil - (Japan)
- Mineral Resources Development Corporation - (Papua New Guinea)
- Petromin - (Papua New Guinea)
- Independent Public Business Corporation - (Papua New Guinea)

The list of participants in the joint venture (each sponsor may have more than one participant) is yet to be finalised. The current participants in the joint venture undertaking the project are
incorporated in Papua New Guinea or the United States. The company specifically formed to raise debt financing for the project (Papua New Guinea Liquefied Natural Gas Global Company LDC) is yet to be registered.

(b) No. None of the project sponsors are incorporated in the Bahamas.

(2) Yes. EFIC expects applicants to provide environmental and social impact assessment and management information (including relevant action plans) pursuant to the International Finance Corporation Performance Standards.

(a) EFIC also expects that the project’s information disclosure would be consistent with the International Finance Corporation Performance Standards including making public relevant environmental and social impact assessment and management information (which may include action plans).

(b) The project proponents have provided extensive information related to environmental and social impact assessment and management (including relevant action plans). Some information (including some action plans) is still being prepared and EFIC will continue to receive and assess that information as part of its on-going due diligence.

(3) The Organisation for Economic Co-operation and Development’s ‘Common Approaches on the Environment and Officially Supported Export Credits’ (the Common Approaches) require that an export credit agency disclose its potential involvement for some types of project and also disclose some specific information. The disclosure is to occur at least 30 days before a final commitment to provide support. The Common Approaches do not include any requirement to respond to submissions that may be received in response to that disclosure.

EFIC carefully considers and takes account of issues raised in submissions and endeavours to respond to submissions.

(4) EFIC and the department are aware of the concerns raised by Transparency International with regards to the PNG LNG benefit sharing agreement. In assessing a request for finance EFIC considers information and views from a wide range of sources, and undertakes due diligence to ensure a project is undertaken consistent with EFIC’s Environment Policy (the Policy covers both environmental and social issues) before offering support for any project (including the PNG LNG project).

Export Finance and Insurance Corporation

Senator Carr—The Minister for Trade has provided the following answer to the honourable senator’s question:
(1) Yes, EFIC has provided political risk insurance (PRI) to ASG.
   
   (a) An offer to provide PRI was made on 16 May 2005 for the acquisition of the Gold Ridge mine and for the activities associated with the bankable feasibility study for the redevelopment of the Gold Ridge mine in Solomon Islands. The PRI policy was subsequently issued and then expired on 30 September 2006. EFIC has not provided PRI to ASG subsequent to that.
   
   (b) The political risk insurance policy specified in the response to Question (1) (a) was on EFIC’s commercial account.
   
   ASG and its then prospective lenders also applied for, and were offered PRI for the redevelopment of the Gold Ridge mine in 2005. However the redevelopment of the mine was delayed and the offer expired without being taken up. ASG later sought PRI again, and in 2009, the provision of PRI was conditionally approved for the proposed redevelopment of the mine. A policy has not yet been issued.
   
   Both the second 2005 offer of PRI and the 2009 conditional approval for PRI were on the National Interest Account.

(2) The agencies that provided advice in relation to the 2009 conditional approval of political risk insurance to ASG for its Gold Ridge mine project were: Department of the Prime Minister and Cabinet, Treasury, Department of Finance and Deregulation, Department of Foreign Affairs and Trade, Attorney General’s Department, Department of Defence, AusAID, Australian Federal Police and Australian Government Solicitor.

(3) EFIC disclosed its potential involvement in the Gold Ridge Mine on two occasions (August/September 2008 and June/July 2009). A second disclosure period was undertaken by EFIC as amendments had been made by ASG to the documents initially disclosed.

No submissions were received in response to the first disclosure. One submission was received during the second disclosure period. EFIC has not yet responded to that submission.

(4) (a) No. It is not a requirement of the Organisation for Economic Co-operation and Development’s ‘Common Approaches on the Environment and Officially Supported Export Credits’ (the Common Approaches) that export credit agencies respond to submissions received following public disclosures. (b) EFIC carefully considers and takes account of issues raised in submissions and endeavours to respond to submissions.

Export Finance and Insurance Corporation

(Question No. 2365)

Senator Bob Brown asked the Minister representing the Minister for Trade, upon notice, on 25 September 2009:

(1) Has Australian Solomons Gold Limited provided the Export Finance and Insurance Corporation (EFIC) with all the action plans required under the eight International Finance Corporation Performance Standards which EFIC uses to benchmark facility applicant projects; if so: (a) which action plans were provided; and (b) will these be made public.

(2) (a) Can EFIC support or extend a facility to applicants who have not provided all the required action plans; and (b) can the Minister support a request for a facility under the National Interest Account to applicants who have not provided all the required action plans.

Senator Carr—The Minister for Trade has provided the following answer to the honourable senator’s question:

(1) (a) EFIC benchmarks projects such as that proposed by Australian Solomons Gold (ASG) against the eight International Finance Corporation Performance Standards. The Standards do not set out specific requirements for documentation which is tailored to suit a project and the issues it may en-
ASG provided EFIC with a range of environmental and social impact assessment and management information (including relevant action plans) for that benchmarking. That information can be found on the ASG website (http://www.solomonsgold.com.au). (b) The environmental and social impact assessment and management plans and other information made available to EFIC were also made public. ASG published the plans and other information relating to the 2009 political risk insurance offer on its website:

(2) (a) EFIC uses environmental and social impact assessment and management information (including relevant action plans) to assess projects with a potential for significant environmental and/or social impacts.

EFIC’s decision to support or not support a project where an applicant had not provided all the environmental and social impact assessment and management information would depend on a range of factors such as:
- the significance of the missing information; and
- whether the omission could be responded to by a requirement that the applicant provide the further information after the facility is made available (for example through a condition of providing the support).

(b) Consistent with the answers above, in responding to requests for support on the National Interest Account (NIA), the Minister would consider, on advice from EFIC, the relevance and adequacy of environmental and social impact assessment and management information (including relevant action plans) and other information provided by the applicant.

Export Finance and Insurance Corporation

(Question No. 2366)

Senator Bob Brown asked the Minister representing the Minister for Trade, upon notice, on 25 September 2009:

(1) Was any information provided to the Minister or to the Export Finance and Insurance Corporation (EFIC) in relation to the propriety or validity of landholder agreements signed by communities impacted by the Australian Solomons Gold Limited (ASG) Gold Ridge Mine (the mine).

(2) Does the Minister or EFIC have documentary evidence that communities which have signed contractual agreements with ASG did so with free and informed consent.

(3) Does EFIC have documentation that highlights concerns about the probity of landholder agreements; if so, was this considered in the decision to extend political risk insurance to ASG.

(4) How does the ASG relocation strategy for communities impacted by the mine differ from the strategy that led to conflict in 2000 when the mine was abandoned.

Senator Carr—The Minister for Trade has provided the following answer to the honourable senator’s question:

(1) During EFIC’s and the Government’s assessment of the Gold Ridge mine, information has been obtained from a range of stakeholders on different aspects of the mine, including concerns regarding the landholder agreement process.

(2) It is a condition of the Government’s approval of the PRI that EFIC be satisfied with the environmental and social management aspects of the project. As part of the Government’s and EFIC’s ongoing assessment of the impact on communities of the Gold Ridge mine, consideration is being given to the negotiation process that culminated in ASG and landowners signing agreements.

(3) Yes. As above, as part of its assessment process, EFIC received concerns over the landowner agreements. Due diligence is being undertaken and it is a condition of the Government’s approval
of the PRI that EFIC is satisfied with the environmental and social management aspects of the project.

(4) ASG’s current relocation strategy incorporates lessons learnt from the earlier relocation. Full details of the relocation and the differences between the current relocation and the earlier relocation can be found in the resettlement action plan located on ASG’s website: (http://www.solomonsgold.com.au).