



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
DIESEL FUEL REBATE SCHEME
AMENDMENT BILL 2002

Second Reading

SPEECH

Wednesday, 29 May 2002

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Katter, Bob, MP

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Mr KATTER (Kennedy) (12.39 pm)—I rise to speak on the Diesel Fuel Rebate Scheme Amendment Bill 2002 with some considerable experience in the area of providing electricity to isolated communities. I had the responsibility for some 28 communities, some as small as 24 people on Stephens Island in the Torres Strait and some as big as some 4,000 people on Palm Island. The electricity for those 30,000-odd people that lived in those 28 communities, which a lot of people refer to as Aboriginal and Torres Strait Island communities, was supplied by the Department of Community Services, for which I was the minister.

There was no delivery of electricity by the government into the Torres Strait Islands. I myself and one or two very excellent departmental officers did the work, and we established that it would be \$5 million cheaper if the Torres Strait Islands were electrified with solar energy rather than supplied with diesel plants. The net result of that was that we set up a trial on Coconut Island, which proved enormously successful. In fact, the only problems that we had were with the diesel generator when it was to kick in during very protracted periods of overcast conditions.

The incoming Labor government, which rather hypocritically made a lot of noise about who is doing what about gas emissions and renewable energy sources, abolished the scheme and put diesel generators on every single island. I said that it was the despoiling of paradise. Some of these islands are very beautiful and they are very small. They are much affected by big, noisy diesel generators pumping out fumes, and bringing diesel in across very dangerous coral reefs is just not the way to travel across the Torres Strait, but that did not worry the incoming government.

It would have afforded Australia the opportunity of becoming the pre-eminent country in the delivery of solar energy in the entire world. It was the biggest contract by far ever made available in the world, and it would have enabled operators to get on to economies of scale in their production lines. The world head of General Electric rang me from the United States, and they were very keen to offer the most attractive deals to secure the contract. It is terribly depressing even now for me to think about what that brainless incoming government of Mr Goss was responsible for in their decision. The sequel to the story, I might add, was that when we actually did the trials on Coconut Island, which is a small island of about 100 to 200 people, we found out that, if we mixed wind generation with solar generation, the savings were not \$5 million over a 20-year life cycle but \$8 million. So it was \$8 million cheaper to go to the solar answer rather than to go to the diesel answer, which is even more depressing when one reflects upon the decision taken by the incoming Labor government. The only reason that they made that decision was that it was a Bjelke-Petersen government idea, and therefore they had to go against it. That was the only logic that ever emanated from them.

In certain circumstances, solar energy should be the alternative that is adopted, but there are other circumstances in which solar energy is very inappropriate. If you have a situation where you need a lot of energy quickly—for example, if you are using welders or freezers on a station property, where you need a huge surge of power to bring the welders or freezers into operation—solar energy is not the appropriate vehicle to deliver the sort of energy hit that is needed. Also, there is a huge capital cost difference. If you are talking about, for example, a station property, you might be looking at \$100,000 to \$150,000 for an adequate solar set-up, whereas a diesel generator might cost you as little as \$5,000. If you are looking at a life cycle of 20 years, you look at a different set of economies, but a person with his back to the wall is going to put his money quite rightly into his cattle production rather than look at a 20-year time frame. A hundred thousand dollars is a lot of money for a small businessman to find.

A previous speaker, the member for New England, spoke about ethanol, and it is hard to come to this debate without ethanol leaping to one's mind. We have the rather embarrassing situation now where the United States Senate unanimously decided to amend their energy bill and move to a five billion gallons a year project supporting ethanol content in fuel in the United States. A lot of this is environmentally driven. Of course, the motorcar used to do 600 kilometres on a tank of fuel but, when lead was taken out of petrol, it did only 500 kilometres. So, to get the octane rating up, something had to be put in to replace lead and in most cases MTBE—I will not go

into what MTBE is—was put in as a replacement. MTBE is arguably much more damaging to the environment than lead is. Also, it is very expensive. Whether the United States Senate are moving this way because they want to clean up the environment, because they want to get rid of the very dangerous MTBE—which is what they have said publicly—or because they want to provide assistance to the grains and sugar industries in the United States is for someone else to determine, but it is a fact that they have moved into this area. I know that Germany, France, Canada, Brazil—all of these countries—by law have a percentage of their petrol content supplied by agricultural biomass ethanol.

If every country on earth is doing this, why is the country with the most urbanised population on earth the one country on earth that is not doing it? You would have to say that it is due to the incompetence of government decision makers; there is no other answer that would leap to your mind. Not only is ethanol necessary because MTBE and the other additives that have replaced lead need to be taken out—and that is agreed upon by almost every government in the world except here in Australia—but it also has the ability to deliver viability to the sugar industry without raising the price of petrol, a fact which is of great interest to the sugar industry and grains industry. The member for Parkes, who spoke previously, made a good point: we cannot get carried away with all of this environmental fairy floss and price ourselves out of the world market so that we will have difficulty feeding our children and buying medication, as we are seeing now with things like Gleevec.

Madam Deputy Speaker, I make the point to you that not only will the use of ethanol rescue the sugar industry, improve environmental conditions and remove a very dangerous poison from our atmosphere in Australia but also this industry will not raise the price of petrol. I speak with authority, because Transfield came to the Queensland government with a proposal and I was the relevant minister at the time. They were not happy to agree to \$360 a tonne for sugar, but they agreed. We got the best advice that we could get in the world, from Fleur Daniel and Wright Killen of Austin in Texas, who are the leading world authorities. They went over the figures and said that we had a moveable margin, from a reduction of 2c a litre in the price of petrol to an increase of 4c in the price of petrol. That situation has improved dramatically because the oil companies have put the price of petrol up very considerably in Australia in the intervening time frame. The question is: why are we not doing this? A second question is this: if we do it, how can we do it in such a way that it will help Australian producers of grains and sugar? The issue is being raised that the current mooted proposal by the government would provide no advantage to those industries at all; in fact, it would impose another cost burden upon those industries. Having said that, I do want to praise the government today for their initiatives in this area.

There has been a grave and grievous injustice. Every person in Australia enjoys the supply of electricity—in almost every case, at one time subsidised by the government. Every single line that was ever put in initially carried a subsidy from the government. Every single person that enjoys the flow of grid-system power in Australia has enjoyed a subsidy from the government at some stage. In sharp contrast, the people that live in rural Australia once again are getting the rough end of the pineapple. They have been taxed on their electricity. Whilst the city consumer has been subsidised with his electricity, we find the country consumer being taxed on his electricity, and that tax came by way of the cost of fuel.

Let me go back to the Torres Strait for one moment. That project was worth \$25 million. Over a 20-year time frame the cost, had we put in diesel generators, would have been \$30 million, and that \$30 million would have been going into petrol. So we have this huge cost to the Torres Strait Islanders of \$30 million over 20 years for their electricity, and the vast bulk of that \$30 million would have gone to the federal government by way of excise tax. So those people, up until the time of this decision—and there was another decision which may have already put them in this category, but most certainly this concerns all the rest of the people that are on diesel generators for their electricity supply—were paying nearly a 50 per cent tax imposition to the Australian government on the supply of their electricity, a tax which is not paid by a single urban consumer in this country. So the gravest of grave injustices has been sitting there for a considerable length of time, and it is an absolute disgrace that past governments allowed that situation to continue. So we thank most sincerely the people that are supporting this bill today and we thank the government most sincerely for moving in this direction.

Before I shut down on this issue, it is very important to show you the benefits to Australia. If a person comes from Japan to Cairns, they might have one holiday and do the Daintree or Tully whitewater rafting. If you want them to come back, you have to offer to them some alternative tourist attractions, and almost invariably in Australia those tourist attractions, almost by their very nature, are in very inaccessible areas. In North Queensland if I were to say Hinchinbrook Island, it is an island and very hard to get to. Dunk Island is the same.

Then there is Adele's Grove, and I must pay a very great tribute to Lloyd Campbell, the developer of the tourist industry and of Lawn Hills and the adjoining Adele's Grove. Almost single-handedly he has created a

very significant tourist industry for Mount Isa, a town that has been reeling under the incompetence of the Labor member of parliament who introduced fly-in mining and took his own town from a population of 30,000 down to under 20,000. In sharp contrast has been the wonderful achievements of Lloyd Campbell, the big bus operator in North Queensland, in developing this wonderful tourist development for Mount Isa. Michael Archer, the Director of the National Museum, has been getting a lot of publicity today over the Tasmanian tiger being recreated via DNA but he is also the great promoter of the Riversleigh fossil deposits, and they also provide a wonderful tourist attraction in the Mount Isa area for people going there. Probably the most exciting part is the palaeontologists—and they are mostly amateur people, I might add—in the laboratory in Mount Isa. They bring the fossils back to Mount Isa and work on them there, and tourists are actually taken into the laboratory and can see the fossils being treated. We have a camp up there at Adele's Grove which is hundreds and hundreds of kilometres away from grid system power and, of course, it has to be supplied with power. There is a massive cost imposition upon this project and some of that cost has been alleviated by what the government is doing today.

Dunk Island is a really beautiful and wonderful island off Mission Beach, another spectacularly beautiful part of the world—not of Australia but of the world—and again these places have to be supplied with electricity from diesel generators and they are classic cases of solar energy really not being of a great deal of assistance. The great and wonderful work of the Collins family in developing the lava tubes at Undara is yet another example of the creation of an international tourist destination by people that have struggled very hard in putting these things together. There was no way that any of these developers could remotely contemplate \$200,000 or even half-a-million dollars for a solar energy set-up, even though in the longer term it may have been cheaper. They could only afford the \$5,000 or \$10,000—maybe \$25,000 in some cases—for the diesel generators. So there has been a grave injustice which has been on the books for far too long in this country. That injustice is being fixed up today: no longer will these people that live in rural and regional Australia—and I pay great tribute to all of the people that worked hard and fought hard to get government action on this matter—have to pay tax on their electricity while their city cousins enjoy a subsidy on theirs.