



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

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SCHEME BILL 2009 [NO. 2]**

**CARBON POLLUTION REDUCTION
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**CARBON POLLUTION REDUCTION
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Second Reading

SPEECH

Wednesday, 28 October 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Cobb, John, MP

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Mr JOHN COBB (Calare) (7.55 pm)—There is one question—I think I have said this before but I will say again—that I want to pose to all Australians and people around the world and that is: where do we think our food comes from? Without doubt food and water security are or will become the defining issues of the 21st century. The Rudd government's ETS legislation is a debacle as far as the future of Australia goes. The Treasurer just talked about the long term future—I am not sure what sort of a one we will have with the Rudd government ETS. It is a tax on production, pure and simple, that will drive businesses and jobs offshore. It is an opposite to the GST. Instead of relieving the pressure on production it puts the pressure on it. It will achieve an export system, all right—an export of carbon emissions.

Electorates such as mine which are exporting, wealth-generating electorates will bear the brunt of the cost of the Rudd government's ETS. It is nothing more than a new tax with another name. The effect of this Carbon Pollution Reduction Scheme legislation will be felt much more brutally in regional Australia than in the capital cities. Yet those opposite have done nothing to negate the effect of this legislation, as it stands, on the agricultural sector or the regional sector. Whether it is the current drought or future climate change, the result is a drier weather cycle. To put it simply, nobody can actually eat a computer-generated climate change model.

What we need is a government investment into research on practical measures which will allow our farmers to increase productivity. For example, this involves investment in new plant varieties which are disease resistant and can tolerate drier conditions. Yet all we have got from the Rudd government is massive cuts to research and development in this year's budget. Our farmers have already been forced into producing more with less; in particular, less water and less arable land. Without increasing public expenditure to dramatically increase productivity there is a very real possibility of Australia becoming a net importer of many foods at a time when the world's population is set to double within the next 30 years. In all of this time the ravages of global warming are meant to hit us. The biggest issue arising will be food security and how we increase food production—indeed, where will our food come from?

The Rudd government thinks so little about where our food will come from that agriculture was the only sector which is not receiving free permits, nor does it have a \$500 million clean coal fund or a multi-billion clean car fund. Despite what the Prime Minister might believe, you cannot eat coal. If we are going to feed the nation then agriculture has to be put at the forefront of this debate. If the government wants to talk about high moral grounds, Australia has led the world for a long time in the production of clean, green food, but they are now severely curtailing our ability to lead the world in this sphere.

This government has no idea what its emission tax will cost mums and dads. It has never engaged in an honest debate about the real cost of its carbon tax. Let us not be cute about it: the government's attempts to hoodwink the Australian people into thinking it is not a tax have been quite extraordinary. The Orwellian doublespeak-sounding Carbon Pollution Reduction Scheme is quite scary.

Only a couple of weeks ago on 2UE Sydney radio program *Mornings with Steve Price*, Minister for Climate Change and Water, Ms Wong, tried to claim the ETS was not a tax. Steve Price said:

Do you really think the voters when they went to the election last year had this at the forefront of their mind when thinking about voting and understood that this was going to be a new tax?

The senator said:

Well, it isn't a new tax...

It is a new tax...

No, it's not, Steve...

It's taxing, you're punishing people for emitting carbon.

No.

Well, if you are not, I would be very interested to know what you call it.

It is time for this government to be honest. The legislation before us makes it very clear that money collected under this legislation—namely, from the sale of carbon permits—is a tax. The bill states:

Imposition of charge

Auction

(1) If:

- (a) an amount is payable by a person to the Commonwealth by way of a charge for the issue to the person of an Australian emissions unit; and
- (b) the unit is to be issued as the result of an auction; and
- (c) the charge is taxation within the meaning of section 55 of the Constitution;

There is quite a lot more which points out the same thing.

It is not just Minister Wong who is deliberately misleading the Australian people. The minister assisting the minister, Mr Combet, who is still sitting in the chamber, in his speech in the second reading debate on this bill claimed:

The Commonwealth does not consider that these charges are taxes for constitutional purposes. However, the government ... has taken an approach of abundant caution, with the charges bills providing safeguards in case a court reaches a different view on this question.

In Rudd speak, this translates to, 'Yes, we know it's a tax and our claim that it isn't would not stand up in court, but we want to keep fooling the Australian people into believing it is something else.' You have to wonder about a government that is quite happy to mislead the Australian people. What else is the Rudd Labor government prepared to mislead us about?

The latest ABARE report on the cost of the Rudd government's CPRS states:

Even if the agriculture sector is not a covered sector under the CPRS, agricultural producers will face increased input costs—
against what the Treasurer just said—

associated with the use of electricity, fuels and freight and may face lower farm-gate prices for their goods from downstream processors.

Of course they will. Processors which have increased charges have a great history of passing that back to those who cannot pass the costs on, and that is primary producers. These will have implications for the economic value of farm production, and every study that has been done seriously has shown that. They will be enormous ones for the beef industry and enormous ones for the cereal industry, who both have huge inputs.

The increase in the price of electricity is estimated to be 6.9 per cent in 2011, and it is going to go up by up to 40 per cent. In New South Wales we have already had 20 per cent via the kind auspices of our state Labor government. Federal Labor is set to double it again. When you see this 20-odd per cent your electricity bills are going up by, you will realise just what incredible charges processors of agricultural production, which are high-energy users, will feel. You do not have to be Sherlock Holmes to figure out just about every bit of food and fibre grown in Australia has some form of processing, manufacturing and/or transport before it is eaten or worn. Agriculture, without doubt, will suffer far more than most industries the flow-on effects of a carbon tax, CPRS or the Rudd government's ETS—call it what you like. They are not putting it in the ETS at the moment because it is impossible to do so. You cannot measure agriculture in terms of negative and positives with any degree of accuracy, nor will you be able to at any time over the next decade or so. It is impossible to put in. That is not the real issue. The real issue is the cost that it is going to have passed on to it.

Let me say this to the Rudd government, the climate change minister, the assistant minister or whomever. We know they want to get agriculture. Sixteen per cent of the emissions come from agriculture, according to the

figures—about the same as transport. We know they want to get us. They cannot get us by the normal inclusion, but if they try to do it by imposing regulatory charges then let me tell you that is not on. To include agriculture and penalise it by the back road, by a round-the-corner system of putting a regulation on, will not be accepted. We are not stupid. We know they want to do something like this. There was a story in the *Australian* this morning about having regulatory charges instead of putting agriculture in the ETS, in the same way as they intend to do with energy and other heavy-duty production. I do not doubt for a second that that is in their minds. But to include agriculture in the ETS by a backdoor way is not on. I do not believe we on this side of the House will be stupid enough to fall for any such trick.

It does not really matter whether you look at this from the point of view of what the Americans will do, what the Europeans do, or what any other country does. When you look at America, yes, they have put a bill up that has gone through congress which is probably an imposition on America of about one-fifteenth or one-twentieth the imposition that the Rudd government wants to put on Australia. That is before it goes to congress, when it will be mitigated quite a lot more. That may not happen for 12 months. It may not happen for 18 months. It may not happen until after the next American election. The Treasurer spoke about emissions trading schemes in other parts of the world. None of them come within cooe of the imposition on production of the tax the Rudd government intends to bring on.

What has happened in Europe to this point in time is more of a clayton's ETS than anything serious. It is far less than even the Americans are proposing. Most of the biggest emitters in the world—be it China, be it India, be it South America—are not even seriously looking at having one. But the Treasurer talked a while ago about how we have to get in front of the game and be there. Yes, big business do want to know what is going on. They want to know so they can make an early decision, if the Rudd government does impose a serious carbon tax, to get out of Australia and not invest in Australia. That is why they want to know early.

Why in heaven's name would any government want to impose a tax on its own country that no other country is imposing? We are not within cooe, to use a country expression, of what any other country is doing. Is it because Kevin Rudd's ego wants to get him to Copenhagen saying, 'Look at what a good boy I am'—he and his new mate, the Prime Minister of Denmark, or one of those countries. I think the Prime Minister is now advising them. I hope the Prime Minister does not advise them to act to the detriment of their countries in the way he wants to penalise this country.

Agriculture, be it in eastern Australia, in Western Australia, in the Territory or in South Australia, cannot afford a carbon tax and the effects of it—or a regulatory regime to include it by the backdoor—such as is being proposed at this time, in this place, in this country.