



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Clean Energy Amendment (International Emissions Trading and Other Measures)
Bill 2012, Clean Energy (Charges—Excise)
Amendment Bill 2012, Clean Energy (Charges
—Customs) Amendment Bill 2012, Excise
Tariff Amendment (Per-tonne Carbon Price
Equivalent) Bill 2012, Ozone Protection
and Synthetic Greenhouse Gas (Import
Levy) Amendment (Per-tonne Carbon Price
Equivalent) Bill 2012, Ozone Protection and
Synthetic Greenhouse Gas (Manufacture
Levy) Amendment (Per-tonne Carbon Price
Equivalent) Bill 2012, Clean Energy (Unit
Issue Charge—Auctions) Amendment Bill 2012**

Second Reading

SPEECH

Wednesday, 10 October 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Hayes, Chris, MP

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Mr HAYES (Fowler) (17:36): I rise today to support the Clean Energy Amendment (International Emissions Trading and Other Measures) Bill 2012 and cognate bills. One of the most important aspects of these bills facilitates the linking of Australia's emissions-trading scheme with other countries, including those that operate across the European Union, which, since 2005, has operated a strong emissions-trading system.

We on this side of the House consider that linking Australia's emissions trading to international markets is in our best interest. It will foster good cooperation on climate change, provide access to a broader range of abatement opportunities for entities and increase the carbon market's liquidity. This follows the government's success in securing an agreement to link Australia's carbon price with the European Union emissions-trading scheme.

It is of particular significance for Australia's emissions trading that the scheme we intend to link with, as a result of this, is one that is operated within all European Union nations. The European emissions-trading scheme is a mandatory scheme. It applies across all 27 EU countries as well as in Norway, Iceland and Luxembourg. The scheme has often been discussed in this place and acknowledged in the past as the world's largest trading scheme, covering over 11,000 facilities. I understand that it applies to over 500 million people. The government had previously made a commitment to link our scheme internationally.

Our success in negotiations means that we will link to the European Union's ETS from 1 July 2015. To allow this to occur, and to allow for any further ETS linkages, the floor-price provision of the clean energy legislation must be removed. The floor price was initially intended to operate for a fixed period but, as all members of this place are aware, from 2015 the floor price for carbon price, as defined in Australia, will be removed. Removing the floor price will allow us to trade as an emissions-trading scheme from 2015.

Linking our emissions-trading scheme to the European Union means that Australian business, with the carbon-price liability under this scheme, will be able to purchase carbon-emission units or permits to emit a tonne of greenhouse gas either in Australia or in one of the European countries linked with the ETS. The price will be the same. Last year this government introduced the Clean Energy Act 2011 and 17 related acts. These established the price on carbon, which certainly came with a lot of fanfare and was opposed every step of the way by those opposite.

This is a scheme that was introduced with a fixed price for the first three years, to transition to a cap-and-trade emissions-trading scheme. Very importantly, a cap-and-trade emissions-trading scheme is what we thought would be the ultimate emissions-trading mechanism that would take this country forward and be most beneficial to Australian based industry. It would also help us live up to our commitment to abatement and encourage the development of renewal-energy technology in this country.

This bill will ensure that, from 2015, Australia's carbon price will be equivalent to the carbon price paid by at least 30 other countries. These are countries that are not insignificant, despite what was said in earlier contributions to this debate. The United Kingdom, France and Germany, which is now the mainstream economic powerhouse of Europe, are also covered by it. It is a scheme that applies to over 500 million people. We will transition into an internally linked ETS, where the international market will set the price on pollution. The funny thing about that is I seem to recall that, not all that long ago, those opposite were arguing up hill and down dale that the problem with Australia's price on carbon was that it did not reflect, in any material way, the price on carbon set by any ETS scheme around the world. Here we are linking our scheme directly with the biggest scheme that operates internationally.

The previous speaker in this debate, the member for Goldstein, could not find anything of benefit to say about it. This is a bit strange, as the previous speaker had a very significant role in the lead-up to the 2007 policy statement by former Prime Minister John Howard.

Mr Neumann interjecting—

Mr HAYES: As my friend indicates, he was no less than the former campaign director of the Liberal Party. Former Prime Minister of this country and leader of the Liberal Party John Howard strongly agreed with the system of a cap-and-trade emissions-trading scheme, because that was reflected in the 2007 policy. He said:

As one of the first Asia-Pacific economies to embrace emissions trading, Australia will be well positioned to establish itself as a regional hub for the carbon market.

... ..

The Australian scheme will be designed to maximise the prospect of linkages with other schemes, and with policy-based arrangements such as offsets ...

This is not a bad concession.

Those opposite are often quoted as being the bastion of liberalism in this country. They had a very clear view when it came to emissions trading at that time. The Leader of the Opposition and his colleagues also once had a view—not too long ago—about putting a price on carbon. They said it was not only efficient but also inevitable. The Leader of the Opposition in his book *Battlelines* says:

The Howard Government proposed an emissions trading scheme because this seemed the best way to obtain the highest emission reduction at the lowest cost.

That is not a bad concession. The member for Wentworth is certainly a person not unfamiliar with emission trading schemes because, after all, in 2007, as I understand it, he was the man who designed the Liberals emissions trading scheme to go to the 2007 election. He said:

... my views on climate change, the need for a carbon price, the fact that market-based mechanisms are the most efficient ways of cutting emissions—my views are the same today as they were when I was part of John Howard's cabinet and those views were held by the Howard government.

Indeed, not to let the shadow Treasurer off the hook—and he is a little bit more succinct than his colleagues—he told the *Sydney Morning Herald*:

Inevitably we will have a price on carbon, we will have to.

They come out and put on these crocodile tears and day in and day out what we see in question time is that they cannot actually field a question to the Prime Minister other than on a carbon price.

Mr Hartsuyker interjecting—

Mr HAYES: The member for Cowper makes a very good point. His point really goes to the fact that they were the first to design an emissions trading scheme. We have been a bit slow in acknowledging their contribution in that regard. But I am a person of a magnanimous nature. I do not mind coming out and saying there was a contest of ideas leading up to the 2007 election. I do not mind coming out and saying that the member for Cowper, together with the member for Wentworth and the rest of the frontbench over there, fully supported an ETS.

By the way, whilst there was a contest of ideas, I think the only thing really between us in those days was when the ETS would kick in by. I seem to remember the Labor Party went to the election on the basis they wanted it to kick in by 2010. You know what? The Liberal Party wanted it to kick in by 2012. What year is it now? Yet they changed their position so radically. They did not extend it. They changed so radically on what we need to have happen to reduce emissions. I cannot write the script for them. We can do many things on this side, but I cannot rewrite the quotes of their glorious leader John Howard. He was certainly persuaded by very persuasive arguments from those opposite that the most efficient way to cut emissions at the least cost was through an emissions trading scheme.

I have heard much from those opposite who have had this view about Australia's scheme as being the highest priced in the world. Sure, there is a start-up price for this. Day in and day out we are seeing the contributions of those opposite wanting to talk about the impact of a carbon tax. To date, in all the documents I have seen tabled, the impact of the carbon tax is pretty close to what was predicted. Sure, there is a cost to it. Sure, it acts as a

disincentive to pollute. That was the whole basis of the scheme. It does operate to encourage those industries that are involved in the renewable energy sector to develop.

I know the member for Blair is familiar with companies such as Energy Developments and others which I had a long association with prior to coming to this place. One of the things that they do is develop renewable and sustainable energy technologies. It is very hard to be competitive against the production of black coal for power generation; we are inundated with black coal. Fortunately, we have about an 800-year supply of it. But, regrettably, it is the most polluting form of energy production there is in the known world.

We thought what we were doing had very much a bipartisan approach. We thought we had a scheme that we were only a part of when it was being implemented. We had a very clear view from what those opposite had said for some time that they would like to see this—not Australia operating in isolation but working in conjunction with a broader player. We have now secured an agreement to enter into arrangements with the world's largest emissions trading scheme, reducing the uncertainty of a carbon price by reducing the floor price that will apply to that scheme. The price of carbon will be determined by the market. All those various things that those opposite chanted for so long are coming to fruition.

I would not mind if they wanted to take part ownership of this, but it does seem that they really want to decry the whole concept of emissions trading. They certainly do not want to refer back to Peter Shergold's report, which was commissioned by John Howard. They very rarely refer to the recommendations of Professor Ross Garnaut. But all that we have seen is a constant negative campaign not only on a price on carbon but on the reality of climate change itself. These guys must not look at the news of a night. They must lead very sheltered lives when all around the globe what is dominating world discussion at the moment is the impact of climate change. We are, happily, an advanced country. As a consequence, we have now taken very real steps to do something about climate change, but we are going to do it in conjunction with the world's largest emissions trading scheme. I commend the bills.