



Carbon Pollution Reduction Scheme 2009 Cognate Bill [No. 2]

House of Representatives

28 October 2009

Sharon Grierson MP

Ms Grierson: (Newcastle) (5:40 PM) —I rise to speak in support of the Carbon Pollution Reduction Scheme (CPRS) Bill 2009 [No. 2]. It was only a few months ago that I rose to speak in this House on this cognate bill, when I spoke about the importance of its passage through the parliament to the people of Newcastle, whom I represent, the people of Australia and indeed the people of the world. Unfortunately, as we recall, its passage was blocked by the opposition, an opposition that does nothing but delay, meander and — I think that was quite clear from the speech previously given by the member for Casey— stall a clear decision on the CPRS while the inexorable march towards environmental catastrophe forever increases in pace.

The opposition have put forward their amendments today—more excuses as to why we cannot act now to fight climate change. While I will not go into the detail of the amendments, I will say that, given their words 'defer', 'artificial' deadline, 'moderated' and 'excluded', the opposition need to get their heads out of the sand and into reality. They need to be proactive in the face of such an important issue. I do not usually quote Crikey or rely on it at all, but I do note a comment by Bernard Keane that I think is fairly relevant to today's debate. He says that bickering about the finer points of an ETS, an emissions trading scheme, is like arguing about who sits where in a car as it is going over a cliff. That is a pretty good analogy. If we do not act now, we are going to set the course for an environmental disaster of catastrophic proportions.

I have said it before in this House and I will say it again: the science of climate change can no longer be argued. The need to act, decisively and quickly, cannot be argued. It is predicted that if no action is taken to combat climate change, average temperatures across Australia can be expected to rise over five degrees by the end of the century. A rise of this magnitude would have disastrous ramifications. Just to put this in context, a rise of just one degree Celsius would see a streamflow reduction of 15 per cent in the Murray-Darling Basin. Without action, the Murray-Darling would disappear completely by 2100. Yesterday, on the front page of the *Sydney Morning Herald* you could read—and we did—about the effect that even a tiny rise of just 20 centimetres in sea level would have on low-lying areas of Australia. This article followed the tabling of the House of Representatives Standing

Committee on Climate Change, Water, Environment and the Arts report *Managing our coastal zone in a changing climate: the time to act is now*. It was tabled by the chair of the committee, Jennie George, in the House on Monday night. I congratulate her, the members of her committee and the secretariat on a wonderful report that gives strength to our arm in this argument and certainly gives us more and more courses of action and the reasons to take those courses of action urgently. So I congratulate Jennie for her work. She has been dedicated to the environment for a long time. This report looked at the issues relating to climate change and environmental pressures experienced by Australian coastal areas, particularly in the area of coastal population growth. It found that thousands of kilometres of the Australian coastline have been identified as being at risk from the threat of rising sea levels and extreme weather events due to the impacts of climate change.

The Hunter region, my region—Newcastle is at the mouth of the Hunter River—is the second most densely populated and developed coastal strip in New South Wales. Any sea level rise or coastal storm events are likely to have a significant impact on the region, on its infrastructure and on our communities, exacerbating the risk of coastal erosion, inundation of low-lying areas and loss of our beautiful beaches. A study undertaken by Risk Frontiers identified the Lake Macquarie area, Newcastle and Port Stephens as among the local government areas in Australia most vulnerable to coastal inundation. Even a cursory glance at the extreme weather events of recent times is enough to set alarm bells ringing: the February bushfires in Victoria; the historic June 2007 storm in Newcastle that saw the *Pasha Bulker* washed up on Nobbys Beach and, unfortunately, hundreds of people washed from their homes; the recent bushfires in Rockhampton—an area that historically has never suffered from those sorts of severe bushfires; the giant dust storm that struck the east coast of Australia last month; and the unseasonably warm weather on the east coast in early spring. Indeed, by 2050, temperatures in the Hunter region are projected to be hotter over all seasons by one to three degrees, and with many more hot days. An increase in the number of hot days is expected to increase heat related illnesses and death, especially among the elderly.

The physical damage of these extreme weather events is enough in itself; but, when taking into account the financial cost surrounding any such damage, we truly do reach the definition of catastrophe. And it is just a taste of what is to come. These are individual examples from our country alone of what is truly a worldwide issue. I am amazed that members opposite, who I know have travelled very widely, have not learnt from some of their experiences. On a recent visit to Mongolia, which I have previously recounted to the House, I learnt that 24 people had died in 10 days because of excessive rainfall in their capital, while the Gobi Desert continues to extend. Desertification is a real issue there. Recently, in Timor Leste, I was sitting in a forum with parliamentarians when an earthquake struck. It was just a shake at that stage but they said that it happens all the time now. Indonesia has experienced tsunamis and our Pacific neighbours have had typhoons et cetera. This week the ambassador of Switzerland spoke to me about the glacial melting in Switzerland and also said that the receding permafrost is a real problem for his country. It is imperative that we act now. Everywhere around the world, leaders and public representatives of countries, like us, are aware of the problem and want to act.

There has been a lot of discussion recently surrounding the impact of a CPRS on jobs in the coal and other relevant industries. I note that today the member for Groom, Ian Macfarlane, made some comments about me being one of the only Labor members from a seat dependent on the coal industry prepared to speak on this bill and explain to coal workers why they are going to lose their jobs. I am paraphrasing his comments. I am very pleased and also very proud to stand here today and speak to this legislation. This is good legislation and I support it. I and my government are committed to providing support for local jobs and the economy, particularly for the coal industry. The sort of misguided argument put forward by the member for Groom has had some traction in the Hunter region lately, given the incredible campaign by the Australian Coal Association's 'Cut emissions not jobs'. I have received many emails saying that this campaign is about cutting profits for the Coal Association rather than its concern about cutting jobs or concern for the mining industry.

Tony Maher, the head of the CFMEU, had an interesting view on this campaign. I quote from his opinion piece published in the Newcastle Herald on 7 October:

The Australian Coal Association, its state counterparts and the Nationals have done nothing for decades when confronted with job cuts due to downturns in mineral prices, or when member companies simply work out a way to get more production with fewer workers (such as long working hours and extreme rostering).

When that happens we are lectured that it's all due to the "market" and we must cop the job cuts and the fall in working conditions. But when it comes to the CPRS, suddenly it seems that jobs are all-important. The real issue for the coal association is company profits and maintaining them at the highest level possible. But coal companies know there is no public sympathy for protecting profits, so they are using a jobs scare instead.

What the Coal Industry will not tell you is that the coal industry in Newcastle and the Hunter is going from strength to strength, especially in my electorate of Newcastle. Already we are in a strong position, employment wise, with the latest figures showing an unemployment rate of 4.4 per cent, which is well below state and national averages

I am, after all, the granddaughter of a coalminer. We in the Hunter know and value our history just as much we value our present and our future. The Rudd government will continue to support local jobs in the coal industry. We have already seen over half a billion dollars from this government go towards improving the coal chain between the Hunter Valley and the port of Newcastle to increase our export capacity. With the construction of the third coal terminal, the NCIG terminal, almost complete and the plans for a further coal terminal by Port Waratah Coal Services, we know that there is expansion ahead. The third coal terminal is expected to load its first shipment of coal next year. With that expansion, revenue from coal exports in our region is expected to grow by about \$6.5 billion per year by 2016. The coal industry is still in very good shape—from 100 million tonnes to 300 million tonnes exported per annum—and it will remain so under an ETS. In Newcastle we are blessed with a cleaner coal, a black coal, a thermal coal. It is the coal that is fuelling some of the growth and development of the developing nations in our region. It is not only the coal industry that will grow under the CPRS. The clean energy sector in

Australia will grow in leaps and bounds, with direct benefits for the people of Newcastle and the national economy.

There is already a global boom in the clean energy industry. The global low-carbon and environmental goods sector is now valued at \$6.1 trillion. In 2008 alone, US\$155 billion was invested in new clean energy sources—a fourfold increase since 2004—for the first time outstripping investment in fossil fuel technologies. You can only imagine what will be invested when globally we are united in the knowledge and certainty of the need to address climate change and there are policy settings that will encourage further investment. Worldwide the renewable energy sector already employs an estimated 2.3 million people, more than the total number employed directly by the oil and gas industries around the world.

This trend is just as true in Australia. Modelling published by Treasury has shown that, even with significant cuts in carbon pollution, Australia's economy will continue its strong performance, with continued growth in employment and wages. CSIRO has found that, if Australia becomes carbon neutral by 2050, total employment in Australia over the next two decades would increase by 2.7 million jobs.

Just yesterday an excellent article appeared in *The Newcastle Herald* by Clare Martin, CEO of the Australian Council of Social Service. Ms Martin spoke about the opportunities that the CPRS holds for the people of Newcastle. She spoke of the diversification of Newcastle's economy that has already taken place to adapt to and thrive in the clean energy sector, something I have stood before this House and spoken of many times before. Ms Martin detailed the work of the CSIRO Energy Centre, with its Energy Transformed National Research Flagship, and the University of Newcastle, with its clean energy research centre, and the leading role these institutions would play in a low-carbon economy. Ms Martin outlined the findings of the Centre of Full Employment and Equity that the clean energy sector could create over 10,000 jobs in the Hunter-Wyong region alone, without taking into account any wind or solar energy manufacturing jobs.

Newcastle is already positioning itself at the leading edge of the clean energy sector. In Newcastle you will find the Clean Energy Innovation Centre, a Rudd government initiative, helping small to medium sized businesses become more energy efficient; the Australian Solar Institute, producing groundbreaking research in solar energy; and the CSIRO Energy Centre and flagship, providing a focal point in Australia for energy research in the fields of sustainable energy, environmental impacts of energy, and cost-competitive and environmentally acceptable fossil fuel research and development. We are building a critical mass of capacity around clean energy, and that will certainly stand our economy in good stead.

It has also been shown in a clear-cut way that the CPRS will increase industry confidence. According to the Australian Industry Group, there has been hesitance from some of its members about making any investments until there is a degree of clarity around domestic climate change legislation. The government does recognise that emissions intensive coalmines do need transitional assistance to adjust to the introduction of the Carbon Pollution Reduction Scheme. The government has always

said it will target assistance to the gassiest mines—those which are the most methane intensive—and has on the table a \$750 million package to assist such mines to investigate and implement abatement opportunities and ease their transition to the introduction of a carbon price.

We also recognise that by leading the way with the CPRS, with the introduction of a carbon price ahead of effective international action, trade exposed industries may be encouraged to relocate. But that is why the CPRS Bill will provide a program to support businesses producing internationally traded goods, like coal and aluminium—such as our aluminium industry in the Hunter—which face the most significant exposure to the carbon price. So our legislation contains that assistance, and it will be targeted to support the most emissions-intensive trade-exposed activities. From the first year of the CPRS, highly emissions intensive activities will have an effective rate of assistance of almost 95 per cent and less emissions intensive activities will have an effective rate of assistance of 66 per cent.

It is definitely time for global action. I have heard members opposite saying we should not be doing this before the Copenhagen conference. I can only congratulate the Prime Minister on his determination and the recognition internationally of the role he can play in bringing about an international solution, as hard as that task might be. Action is needed to combat the effects of climate change. If unmitigated, climate change will fundamentally alter the planet and the way that we live our lives. This is change that we will begin to see in our own lives, but its full impact will not be realised until it is in the hands of our future generations. It is to our future generations that we must look when we consider the CPRS, for it is they who will judge us on how we act today and it is they who will suffer if we do not act now. I commend the bills to the House.