



**Chamber of the House of Representatives
Carbon Credits (Carbon Farming Initiative) Bill 2011; Australian
National Registry of Emissions Units Bill 2011; The Carbon
Credits (Consequential Amendments) Bill 2011**

16 June 2011

Sharon Grierson MP

Ms GRIERSON (Newcastle) (18:33): I rise today to speak in support of the Carbon Credits (Carbon Farming Initiative) Bill 2011 and related bills and in support of an environmentally sustainable Australia that takes action to reduce the harmful effects of climate change and preserve our natural heritage.

I also rise to welcome the fulfilment of an election commitment, not simply to introduce a carbon farming scheme but to take action to halt climate change and mitigate its impacts.

The agricultural sector accounts for over a quarter of the nation's annual greenhouse gas emissions, and these bills will create the world's first legislated mechanism through which to generate carbon credits from agricultural land. This is supported by an investment of \$42.6 million into the research and development of abatement options for the agricultural sector.

When elected in 2007, we began a constructive debate about climate change. Our first act as a new government was to ratify the Kyoto protocol, limiting our greenhouse gas emissions to eight percent above 1990 levels. We subsequently introduced renewable energy targets and invested in clean energy initiatives. Now we have committed to putting a price on carbon and ultimately introducing an emissions trading scheme in order to reduce our emissions and advance our transition to a low-carbon economy.

The Carbon Farming Initiative is a voluntary scheme that creates incentives to protect the natural environment and adopt sustainable farming practices that reduce carbon pollution. It allows farmers, forest

growers and landholders to obtain tradeable carbon credits by reducing or avoiding emissions or removing carbon from the atmosphere and storing it in soil or trees. These carbon credits are then able to be exported or sold to companies that want to offset their emissions or sell carbon neutral products.

In the absence of a price on carbon, the market will determine the price of the credits, but, as an example, international credits have sold for up to \$20 per tonne over the past two years. Through revegetation, improved land management, tree planting and carbon storage in agricultural soils, for example, the agricultural sector can provide greater protection of our natural environment while working to mitigate carbon pollution. They can also, of course, provide greater protection for the sustainability of their industry.

Preliminary modelling by the Australian Bureau of Agricultural and Resource Economics and Sciences indicates that carbon farming could lead to a reduction of tens of millions of tonnes of pollution every year by 2020. In addition, production costs would decrease in response to improved efficiency and carbon income, and productivity would increase.

In order to ensure that offset projects achieve genuine and permanent carbon abatement, the scheme provides for an independent expert committee, the Domestic Offsets Integrity Committee, that is responsible for the assessment of carbon reduction methodologies, including the monitoring of abatement activities. Trees, for example, must remain in the ground for 100 years and carbon must be stored in soil for a similar period.

Such a strong and transparent accountability mechanism will ensure that the Carbon Farming Initiative translates into real action to make a difference and mitigate climate change. The Climate Institute, however, has stated:

... carbon farming's long-term benefit for Australia, and possibly its long term viability, depends on a commitment to a national limit and price tag on pollution ...

Last month a coalition of more than 20 businesses, led by General Electric and including BP, AGL and Linfox, issued a joint statement supporting the introduction of a carbon tax. A price on carbon, they said:

... is critical to providing business certainty and unlocking the jobs and investment that will accompany the transition to a prosperous, cleaner and internationally-competitive economy.

There is not only a clear need, but also clear demand, for a price on carbon. We do this because we accept the consensus of the scientific community that human-caused climate change is occurring.

The Climate Commission's report, *The Critical Decade*, handed down last month reiterated this, noting that there is unequivocal support for this view among practising climate scientists. Climate Commissioner Will Steffen has gone so far as to comment that there has been no debate in the scientific community for decades—just agreement. The science is conclusive, the science is agreed.

Professor Ross Garnaut in his *Climate Review* wrote:

Prudent risk management would suggest that it is worth the sacrifice of a significant amount of current income to avoid a small chance of a catastrophic outcome.

I agree. Even the Productivity Commission, in its ground-breaking report released last week, makes crystal clear that there is no better way to reduce our emissions than to put a price on carbon.

It's a simple proposition. We insure our home; we insure our car; why don't we insure our environment and our economy? We have the highest per capita carbon emissions in the world, and our agricultural emissions are amongst the highest of all developed countries. But we also have significant opportunities to increase our use of the natural environment and increase carbon storage.

Those who say we should not act before the rest of the world ignore that, as Ross Gittins has written, Australia is not 'leading the way and making sacrifices while others hang back' but is 'dragging the chain'. Taxes on pollution have been introduced, to varying degrees, in Finland, the Netherlands, Sweden, India, Norway, Denmark, Switzerland, Ireland and Costa Rica. And I see that China has started its move towards a cleaner carbon approach to its economy.

While the challenges of climate change require urgent action, solutions must be cautious and balance the needs of the environment, Australian

society, Australian industry and the economy. Some unions have raised legitimate concerns about the impact of a price on carbon on Australian workers and on energy-intensive industries. The secretary of the Australian Workers Union, in particular, has raised concerns about the impact of climate change mitigation strategies on jobs in my electorate.

But the lessons of Newcastle's recent experience tell us much about the long-term positive impact a price on carbon can have on regional economies like Newcastle's. When BHP steelworks closed in 1999, we saw job losses that hit many families hard. But governments worked closely with unions and employers to manage the impact of job losses and drive economic diversification and restructuring.

We developed new partnerships between business, unions and arbitrators that saw industrial strife turned into effective productivity based bargaining. We strengthened collaboration within the engineering and manufacturing sectors and set up our own training organisations to build the skill base we needed for a smarter economy.

This level of cooperation paid real dividends in the decade that followed. We are becoming a leading centre of knowledge and innovation, welcoming investments in clean energy such as the CSIRO's Australian Solar Institute, and we will see the launch of the biggest solar thermal tower in the world in my electorate this week.

Then there are the National Clean Energy Innovation Centre, the \$100 million Smart Grid, Smart City program and the Newcastle Institute for Energy and Resources. With increased investment in renewable technologies in the Hunter region, Newcastle is well located to profit from these gains because as a government we are working to ensure that the challenges of climate change are also opportunities for job creation, industry redevelopment and sustainable growth.

As the government we are also working with carbon exposed industry, and of course in my electorate I have steel, cement, aluminium and coal. We are working with them to sustain their competitiveness and their economic productivity. So I reiterate the importance of genuine consultation and collaboration between unions, industry and government to gain the best outcome from these reforms. It is in the interests of all Australians to work with the government in this way.

It is inevitable that Australia will have no choice but to introduce a price on carbon pollution. Most members opposite I think know that. The member for Wentworth certainly knows that. This is why when the coalition were last in power in 2007 they actually committed to introduce a price on carbon.

Even the British Conservative and Liberal Democrat coalition government has announced that it is taking action on climate change, intending to cut emissions by 50 per cent below 1990 levels in the 2023-27 period.

So, given its inevitability, I particularly would like to ensure that it is a Labor government that puts a price on carbon. It is a federal Labor government that will do it in a way that protects jobs and maximises advantages to regional economies like mine. It is a Labor government that will ensure that pensioners and low-income earners are protected from flow-on price impacts from a price on carbon. A Labor government is committed to retaining a sense of equity that would see disadvantage dealt with.

We can see, unfortunately, that on the other side the Leader of the Opposition is not interested in solutions; he is very much interested in scare-mongering. We have heard a lot of apocalyptic talk lately, including from Mr Abbott, and I note from some rather deranged preachers in the United States warning of the end of times.

The Leader of the Opposition has warned that jobs in regional economies like mine would be decimated by a carbon price. And I note that Reverend Harold Camping claimed that on 21 May this year the world would end when true believers would be whisked to Heaven by God. Well, both of these claims have equal credibility.

Fortunately, though, the Australian community is an informed, intelligent, committed and concerned community. They can see through Mr Abbott's campaign of fear, lies and deceit. Mr Abbott and the coalition are becoming increasingly isolated by the shrill, radical nature of their campaign.

Driving essential reform in this nation has never been easy, but the path to success lies in explaining carefully and rationally the case for reform. And in this debate on a carbon price, the tide has begun to turn. Just today, a group of seven prominent Australians—Professor David de

Krester, Ian Kiernan, Dr Fiona Stanley, Dr Pat McGorry, Peter Cundall, Sir Gus Nossal and Dame Elisabeth Murdoch—added their names to the case for a price on carbon, writing in the Australian newspaper today:

A price on carbon is fundamental to substantially reducing emissions and driving the development and growth of a low-carbon economy.

And just last week, a group of eminent economists added their public weight to the case for a carbon price. Saul Eslake, director of the Grattan Institute, Besa Deda, chief economist at St George, Paul Brennan from Citigroup, and Bill Evans, chief economist from Westpac, released a statement on 3 June from which I shall quote:

We are all of the view that the introduction of an emissions trading scheme is a necessary and desirable structural reform of the Australian economy, designed to change relative prices in a way that provides an effective incentive to consumers and producers to shift over time to more low carbon energy efficient patterns of consumption and production.

Countless other Australians have also stood up to be counted in favour of a carbon price. Over 45,000 Australians recently signed the 'We Say Yes' to a price on carbon pollution petition, including: the Australian Conservation Foundation; the Australian Council of Social Services; the Australian Council of Trade Unions; Bishop Patrick P Power, Bishop of Canberra and Goulburn; Dr Richard Charlesworth AM, Australian Hockey coach; Dr Rosemary Stanton; John Quiggin, University of Queensland; Indigenous leader Professor Patrick Dodson; Tim Winton, a famous author; former Liberal leader John Hewson; and former Prime Minister Malcolm Fraser.

Even the Leader of the Opposition, Tony Abbott, we now know has been an advocate in the past of a carbon tax, when the political circumstances suited him. So it is high time the opposition abandoned their hypocritical negativity and recognised the national interest and got on board with the task of putting a price on carbon.

The land sector abatement measures contained in these three bills are an important measure designed to empower landowners to reduce carbon pollution and develop a sustainable Australia. On this side of the House we recognise the need to address climate change, and we will

work to put a price on carbon in order to reduce our CO2 emissions and protect our natural environment.

I do know that the community of Australia will rise to this challenge and will be proud of the outcomes and will be pleased that we have eventually triumphed over this issue and can all be committed to making a difference to our country. I know that farmers have for very many decades understood the importance of managing farmland and agricultural land in a sustainable way.

So, although this is voluntary legislation, I know it will be embraced by good farmers and committed Australian citizens, who provide so much to our economy and to this nation, so that they too are part of what I think is a very exciting adventure for the future.

It would be irresponsible of us as a government to do anything other than that which we are doing. I commend these bills to the House.