



The Hon David Bradbury MP

FEDERAL MEMBER FOR LINDSAY

Parliamentary Secretary to the Treasurer

15 September 2011

Clean Energy Bill 2011

Speech to the House of Representatives

Mr BRADBURY (Lindsay) (Parliamentary Secretary to the Treasurer) (10.24 AM): I rise to speak on the Clean Energy Bill 2011 and the 18 bills being debated concurrently. The scientific evidence that climate change is occurring is compelling. The last decade was the world's warmest on record. Each decade since the 1940s has been warmer than the previous one. The sea level is rising. Human health impacts are already evident, and many plant and animal species are under threat. Scientific evidence of the link between human activity, particularly through the burning of fossil fuels and deforestation, and these changes in our climate is also convincing.

In its report released earlier this year titled *The Critical Decade*, the Climate Commission concluded that it is now beyond reasonable doubt that human activities are triggering the changes we are witnessing in the global climate. The findings of this report have been accepted by all political parties represented in the parliament. These findings mirror the overwhelming weight of the world's scientific opinion. The world's top scientific agencies including NASA, the CSIRO and the UK's Royal Society all agree. Governments all around the world are receiving the same advice from expert scientific advisers. For all the discussion surrounding the failure of the Copenhagen summit, it should be remembered that the disagreement centred around the extent to which countries were prepared to sign up to binding targets, not whether climate change was real or caused by human activity.

For Australia, the impacts of climate change are real. We live on the hottest and driest continent. Climate change is a threat to our water security, our unique and natural ecosystems like the Great Barrier Reef, and many of our major industries like agriculture. Even if you are not convinced by the weight of scientific opinion, there are sound economic arguments for supporting measures to reduce our dependence upon fossil fuels. Australia has been blessed with a natural abundance of fossil fuels. As a result, 95 per cent of Australia's primary energy production is from non-renewable energy sources.

While our rich natural endowments of fossil fuels have given us access to cheap energy sources and have allowed us to generate considerable export income, this heavy reliance upon fossil fuels presents us with some significant challenges in the future. As fossil fuels are finite resources and will one day exhaust, we will not be able to rely upon them for our domestic energy production forever. Equally, as the world becomes more carbon constrained and countries begin to reduce their reliance upon fossil fuels, Australia will find that its export base will be affected. As a consequence, the transition to a low-carbon future presents enormous challenges to the Australian economy and our future living standards. This process of adjustment is best managed in a measured, balanced and gradual fashion. This is precisely why Australia should begin its journey on the path to a low-carbon future sooner rather than later. The sooner we commence this process, the more gradual and less painful the cost will be.

Australia faces these challenges against the backdrop of one of the biggest shifts in global economic power in centuries, which offers us a great opportunity. As the locus of global economic power shifts to the Asian region, Australia is located in the right place at the right time. With our populous Asian neighbours going through the process of industrialisation, we live in a world in which our fossil fuels are in high demand. While this demand is driving our record terms of trade and increased national income in the near future, this also presents Australia with the opportunity to begin transforming our economy so that we become less dependent upon fossil fuels for domestic energy production. As the rest of Asia industrialises, Australia must seize the opportunities this creates to begin building the post-industrial low-carbon economy of the future.

Climate change requires global action. No single country can reduce concentrations of greenhouse gases in the atmosphere on its own, but it stands to reason that we must all do our fair share. Already 89 countries have pledged to take action on climate change. Many countries have already introduced a carbon price, including 32 countries and 10 US states, and California, the world's eighth largest economy, will introduce an emissions trading scheme in 2012. Countries like the United Kingdom, led by conservative Prime Minister David Cameron, are leading the way with its target of reducing emissions by at least 80 per cent by 2050. China is now the world's largest manufacturer of both solar panels and wind turbines and has recently announced plans to trial an ETS in 2013. The climate change debate has been going on for the best part of the last two decades in this country. Indeed, in 2007 both major parties contested the federal election with a commitment to introduce a carbon price by establishing an ETS. It is ironic that had the former Prime Minister John Howard won the 2007 election we would already have a carbon price and ETS in this country. The consensus that had emerged by 2007 was based upon agreement that climate change is a product of market failure and can best be addressed with a market based solution by pricing carbon through an ETS. By pricing carbon we are able to bring a closer alignment of the commercial interests of companies seeking to maximise their profits with the environmental and community interests of reduced greenhouse gas emissions and improved environmental outcomes.

Market based solutions deliver abatement at the lowest cost by providing incentives for businesses to find the cheapest ways to reduce their emissions. A carbon price will provide an incentive for firms to innovate and find new ways of operating to reduce their costs by reducing their emissions.

Unfortunately, the national consensus around the need to introduce a carbon price broke down when the member for Warringah ousted the member for Wentworth as the Leader of the Opposition. Since this time our nation has been subjected to one of the most vapid, opportunistic, deceitful and low-rent public policy campaigns in the history of the Federation. The government's plan to price carbon provides certainty for investors and a fair go for Australian households. Every cent raised from the carbon price will be used to assist households, support jobs in carbon intensive industries and invest in clean energy technologies and the jobs of the future.

Until now big businesses have been able to pollute our atmosphere for free with no incentive to lower their carbon pollution levels. Under the government's plan big polluters will pay for the greenhouse gases they emit, not Australian households. Around 500 of Australia's biggest polluters will pay for every tonne of emissions. The less they pollute, the less they will pay. But we understand that businesses may pass some of these costs on to consumers and that this will impact on the prices households will have to pay for goods and services. That is why over half of the money raised from the carbon price will be used to provide financial assistance to nine out of 10 Australian households. This assistance will be permanent and will increase.

Treasury modelling indicates that the impact of the carbon price on price increases will be modest. On average, prices are expected to rise by less than one per cent, which is much less than the 2½ per cent increases in prices that resulted from the GST. The average cost of the carbon price to households will be \$9.90 a week, while the average assistance will be \$10.10 per week.

In the Labor tradition, the government will support jobs and maintain the competitiveness of industries that will be affected by a carbon price. Our generous industry assistance package will provide \$300 million to support jobs in the steel industry, \$1.2 billion to support the manufacturing industry and \$1.3 billion to support the coalmining industry.

Across the economy, jobs are expected to continue to grow, with an extra 1.6 million jobs to be created by 2020. In driving Australia towards a clean energy future, we will create the jobs of the future for our children and their children. The government will invest more than \$10 billion in clean energy technologies like solar, gas, geothermal and wind. A further \$3.2 billion will be invested in start-up grants and assistance projects that strengthen renewable energy and energy efficiency projects. This means more Australians in jobs today and in the future, creating the new energy sources that the world will demand.

After three years of a fixed carbon price we will transition to a market based mechanism and cap Australia's carbon pollution levels. This will ensure Australia's emission reduction targets are met and we will reduce our carbon pollution by 159 million tonnes each year, which is the equivalent of taking 45 million cars off the road.

There is bipartisan support for a five per cent emissions reduction target—on 2000 levels—by 2020, with both the government and the coalition committing to this target. The coalition plan to use taxpayer funds to subsidise the big polluters, without providing any assistance to households and small businesses. Their plan has been estimated to cost every household \$1,300 per year on average in extra costs.

The coalition's policy relies upon a centrally planned economic model—a model that is inconsistent with the Australian economic tradition, where the community has faith in markets operating within the parameters set by, and the supervision provided by, the state.

A report prepared for the Australian Industry Group by Ernst and Young assessing government and opposition climate policies, released on 1 July, says:

The general consensus among experts is that carbon pricing is likely to be the most cost-effective way of achieving low cost abatement, particularly in the long-term.

The credibility of the opposition's plan is also destroyed by the Leader of the Opposition's decision to deny Australian companies the flexibility to purchase international permits. Treasury modelling indicates that, if Australia is only allowed to achieve its reduction target with domestic-only reductions, the average cost per tonne will be \$69 between now and 2020, compared with \$29 a tonne under the government's plan. This means that the opposition's plan will cost at least twice as much as the government's plan to meet our five per cent emissions target by 2020.

When the Leader of the Opposition visits his next factory or workplace on his scare campaign he should look the workers and owners of these businesses in the eyes and explain that, under his plan, climate change action will cost at least twice as much as the government's plan, and this is without any compensation.

Throughout this debate, there has been much discussion about public support, opinion polls and the roles and responsibilities of members of parliament in a representative democracy. I understand that major and long-term reform is not easy. It never has been. I was inspired to enter public office by the reform achievements of the Hawke and Keating governments. They were Labor governments that made many of the big reforms that have secured much of the relative economic prosperity that our nation enjoys today.

I did not seek election to parliament simply to serve time. I entered public life to make a contribution, in the Labor tradition, tackle the big challenges and, where necessary, make the hard decisions that are needed to help build the great nation that we all know we can become. While I remain confident that a majority of my constituents believe that climate change is real and that action to reduce its causes and effects is necessary,

I also acknowledge that many members of the community have been misled, deceived and scared by the campaign against this reform. The nature of this debate, inflamed by sometimes uninformed and often irresponsible interventions of many—not least of all the Leader of the Opposition—has made it difficult for a rational discussion of this significant but complex policy challenge.

In performing my role as an elected member in our representative democracy I am guided by the words of Edmund Burke, who in 1774 said of the relationship between a member and his or her constituents in a representative democracy:

Their [the constituents'] wishes ought to have great weight with him; their opinion high respect; their business unremitting attention. It is his duty to sacrifice his repose, his pleasures, his satisfactions, to theirs; and, above all, ever, and in all cases, to prefer their interest to his own. But, his unbiassed opinion, his mature judgement, his enlightened conscience, he ought not to sacrifice ... Your Representative owes you, not his industry only, but his judgement; and he betrays, instead of serving you, if he sacrifices it to your opinion.

I have made a point of informing myself of the published literature on the climate science and I have read widely and considered the views of key economic thinkers and advisers, including the advice of the Commonwealth Treasury, about the best and most effective ways to tackle climate change. I have met with, discussed and listened with respect to the views of literally thousands of my constituents on this matter over the last four years and I have been presented with a range of views.

As the member for Lindsay I have offered and will continue to offer my constituents my diligence and my industry, but in considering the package before the House I must rely upon my judgment. It is my firm conviction that the interests of my electorate and the nation and the interests of future generations demand that we must price carbon so that we may begin our nation's journey down the most effective, lowest cost path towards tackling climate change.

I will not accept that my role as a member of parliament should be akin to the electronic worm that has become synonymous with election debates—merely mirroring every impulse and opinion of individual electors. I believe that we are elected to this House to make informed and considered decisions in the national interest, as difficult as that may be. This belief means that I must accept that my actions will be judged by both my electorate in the short term and by history in the long term. As a proud member of this government, I reaffirm my commitment to the task of making our case to the Australian people on the merits of this package to attempt to influence the judgements of people in the short term. As for the long term, that will be a matter for future generations.