



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

MINISTERIAL STATEMENTS

Annual Climate Change Statement

SPEECH

Thursday, 1 December 2022

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Thursday, 1 December 2022 Page 37 Questioner Speaker O'Brien, Ted MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (12:33): As set out in the Climate Change Act of 2022, the minister is to deliver an annual climate change statement to the parliament. The minister has just delivered that statement—indeed, he has delivered this parliament's inaugural climate change statement, and I congratulate him on reaching that milestone. A unique feature of any reflection on climate change in the context of Australia expressed at this very moment, with consideration of the prior 12-month period, is that it straddles two governments and therefore tells the tale of two vastly different approaches. Since one government was the coalition and the other Labor, each with about six months in office within that 12-month period, a compare and contrast is called for, and I shall do that by making some comments at the end of this contribution about the coalition's approach to this challenge moving forward.

First, though, let me recognise where there is in fact a high degree of commonality in this parliament—a unity of purpose, if you like—between members of the House, regardless of their political stripe or where they may sit in the chamber. That is, every member wants to leave the world a better place than how they found it; everybody wants to see a future with a cleaner planet. Every parliamentarian, I believe, without exception wants to make a positive contribution to achieving these aspirations, for many of the reasons outlined already by the minister and, therefore, I shall not repeat.

I join with him in welcoming our international friends who have joined us in the chamber today, and I thank them for their friendship to Australia and, indeed, their friendship in very much a bipartisan fashion with successful governments over such a long period of time.

It's an important place to start—recognising that people come to the issue of climate change in very different ways, from different places and with different views. But that does not mean that any one person's intent is bad with respect to the health of the planet, the health of the human race or the health of the economy. But the question of how we can seek to tackle the challenges that arise from these shared aspirations is where we start to see a divergence. So it's only appropriate that we do compare and contrast the outcomes of the former coalition government and the current Labor government with respect to climate change.

The former coalition government's record is remarkable. It acted on climate change and managed the decarbonisation of the Australian economy in a way that was balanced and responsible. In 2021-22, as the coalition's time in office was concluding, Australia's annual carbon emissions had reduced by 77 million tonnes from when the coalition was first elected in 2013. That drop of 77 million tonnes meant that, under the coalition, Australia's greenhouse gas emissions fell by over 20 per cent on 2005 levels—an amazing outcome and something that all Australians have every right to feel very proud of.

Leadership counts here, so let me pay tribute to the coalition energy ministers who delivered such outcomes, including Greg Hunt, Josh Frydenberg and Angus Taylor, each of whom distinguished themselves as climate and energy leaders in this country. Their policies, from the Direct Action Fund to the Technology Investment Roadmap, delivered continuous investments in energy efficiency, battery storage, and carbon capture and storage programs that put Australia on the right path. As a nation, we smashed our Kyoto emissions targets, and we ensured Australia was well on track to exceed its commitments under the Paris Agreement—an agreement that the coalition signed.

It was also the coalition, of course, which first took the responsible action to partner with Australia's neighbours, particularly, on climate change mitigation. At COP26 in 2021—a COP which an Australian prime minister had the courtesy to attend—Australia doubled its climate finance commitment to \$2 billion over 2020 to 2025, with at least \$700 million of this for climate and disaster finance in the Pacific. A hallmark of the coalition government was how it struck the right balance between delivering record carbon abatement while strengthening the Australian economy at the same time. This is not an easy feat, as I know the Labor government is now discovering. While emissions reduced to record levels, Australia's GDP increased at an average annual rate of

2.5 per cent, before the impacts of the COVID-19 pandemic. This was one of the highest growth rates among the OECD. We maintained our AAA credit rating and we brought unemployment rates down to their lowest levels in nearly 50 years.

One of the keys to achieving this was keeping energy prices down. Over the last term of the coalition government alone, prices dropped for households by eight per cent, for businesses by 10 per cent and for industry by 12 per cent. Electricity prices dropped to an eight-year low under the coalition as we reduced pressure on households, lowered costs for businesses and kept Australian industry competitive internationally. One of the ways we kept prices down was by helping facilitate a rapid growth in the supply of gas. It's why we've been offering the government a gratuitous tip since day one in opposition: supply, supply, supply.

Then there were renewables, for which investments soared under the coalition. Electricity generation for wind and solar increased by 363 per cent in the years the coalition was in government—to repeat, that's 363 per cent. In fact, when it comes to renewable energy as a share of total electricity generation, Australia hit a record high under the coalition. Indeed, Australia punched well above its weight, especially considering our grid does not have the benefit of stabilising itself by connecting to other countries that offer low-cost, safe, clean sources of energy such as nuclear. Under the coalition, we had the highest rate of rooftop solar installation in the world, and a growing list of willing energy investors ready to make major investments in large-scale renewable energy projects right across Australia. Large-scale solar, wind farms both onshore and offshore, hydropower battery storage, and hydrogen—Australia was well and truly on the radar for investors.

And which of the two governments we are discussing here today delivered these outcomes? It was the coalition government. That's because we did the hard work. The coalition took advice. We listened to and heard from the experts. We planned and we executed. It might sound simple, but not all governments take such an approach. And this is probably a good segue into the second tale of the story of the last six months—the second chapter in Australia's climate and energy policy. Just over six months ago, the Albanese Labor government came to office in a big rush to take the nation in a different direction—and it has certainly done that, at least in the area of climate change and energy policy. They hit the ground running with a raft of changes, the effects of which the Australian people are now starting to feel. The government are good at selling the vision thing, I give them that. But where they let the Australian people down is on the delivery. After nine years of naysaying, the Labor Party failed to do the heavy lifting on policy formulation, and Australian households and businesses are suffering the consequences.

The Albanese government has maintained the coalition's net zero target by 2050 and set a new 43 per cent target by 2030, which also assumes an electricity generation target of 82 per cent from renewables. This, by the minister's own admission, requires the installation of 22,000 solar panels every single day and 40 wind turbines every single month all the way up to 2030, along with tens of thousands of kilometres of transmission lines carpeted over regional Australia. In setting these grand targets, however, the government lacked an implementation plan and any credible economic modelling to back it up—despite having nine years to do so.

Does the government's plan account for supply chain issues with materials? No. Does it account for shortages of skilled human resources to deliver on the plan? No. Does it account for the views of regional communities that will be most impacted? No. The government has a vision—tick. It has a target to match—tick. But it lacks a plan, and we're already seeing the impact.

This government made a commitment to the Australian people at the election that it would reduce energy bills by 18 per cent, and for the Australian household that averaged to a reduction in household power bills by \$275—a commitment that was made no less than 97 times in the lead up to this year's federal election. It took the government's own budget papers in October for it to realise what the rest of Australia already knew—energy prices had started to go through the roof and are going to get even worse. Now we know electricity bills are set to rise by another 56 per cent and gas by 44 per cent by next year. How does that reconcile with the government's promise of an 18 per cent reduction, you might ask. Well, it doesn't.

The same RepuTex modelling that the government used to make its promise of lower energy bills also led the government to promise the creation of over 600,000 new jobs as a result of its Powering Australia policy. But the Australian Workers Union has recently warned that these soaring power prices threaten 800,000 jobs of manufacturing workers in Australia. How does the threat of 800,000 lost jobs reconcile with the government's promise of 600,000 new jobs? Well, it doesn't.

Now let's look at renewables, recognising that this government promotes itself as a champion of renewable energy. Contrary to their sales messaging, renewable energy investment has slowed. According to data from the Clean Energy Council, financial closure of new renewable energy projects has fallen in Labor's first six months in government. In recent statements to a Senate estimates committee, the Clean Energy Regulator confirmed even rooftop solar installations are now down. It may come as a surprise, but the Clean Energy Finance Corporation has now declared it is once again in a position where it is offering financial deals to wind farms as these are having difficulty arranging finance.

As for the reliability of the grid, the government's Powering Australia policy gave assurances about the reliability and security of the network but, after just one month in government, the grid began to wobble. The minister came out publicly to placate community concern, showing them there was no threat and the system was okay. But within a week the market operator intervened in the market. It was an unprecedented intervention. Why? Due to the very risk the minister had assured the people was not there.

Six months have gone by and we've had everyone, including the ACCC and AEMO, pointing to a root cause of both the price spikes and system risks being a lack of supply in the market, particularly a lack of supply of gas. In response, what is the government done? First, the Minister for Climate Change and Energy maligned the Australian Domestic Gas Security Mechanism calling it 'as blunt as a basketball', and then watched as the Minister for Resources botched a deal with gas companies while trying to leverage that very mechanism that her other minister had just undermined. Then the government rejected gas from the proposed capacity mechanism, ripping over \$50 million from the federal government for gas exploration and another \$50 million for gas pipelines. It continues to discourage carbon capture and storage and wants the Kurri Kurri plant converted from gas as soon as possible. Its budget did, however, allocate nearly \$10 million to the Environmental Defenders Office, which makes vexatious legal claims against gas projects. Amidst an energy crisis, when the opposition, along with the industry experts, have consistently been calling for more supply, the government has taken action to restrict supply and discourage the unlocking of further gas developments.

Meanwhile, the federal cabinet of government has been divided on how to address the energy crisis. Ministers blame everyone—from gas companies to the manufacturers to Vladimir Putin, of course; indeed, they're still blaming the opposition—as they float every thought bubble that comes to mind, from new taxes to price caps to export levies and any other idea that a minister thinks of. What they have failed to do to date is to speak about, let alone address, the key to the problem, which is to supply more gas into the system.

Issues of reliability will only worsen over time under this government's settings. Set against a backdrop of increasing demand over coming years due to population growth and electrification, we have approximately 20 gigawatts of coal-fired generator capacity due to close by 2035. That's around 80 per cent of baseload capacity in the National Electricity Market gone. Here's the issue: this baseload capacity is being removed without any guarantee of adequate replacements being up and running in time. To make matters worse, Australia's not mothballing these plants but demolishing them, leaving us with no plan B for when the government's rollout of 82 per cent renewables fails. What has the government said about this? How is it acting on these premature closures? It has said nothing and it has taken no action, only escalating the risk for the reliability of the Australian grid.

What have we received from the government over its first six months in office when it comes to delivering outcomes? Lower prices? Fail. More jobs? Fail. Investment in renewables? Fail. Improved reliability? Fail. As for delivery against its emissions reduction targets—well, only time will tell. It should be noted that this critique is based not on performance measures the coalition has established but on the government's own stated benchmarks and promises.

There have, of course, been activities the government has pursued that it never promised the Australian people; in fact, that it never told them about. At COP27, for example, the government signed up to a global methane pledge, despite telling the Australian people, in the last term of government and during the election campaign, that it opposed signing such a pledge. Australia's livestock industry will be adversely affected by international commitments such as this, yet the government has done no modelling on this impact. Its actions demonstrate a complete disregard for that sector.

Also at COP27, the government committed Australia to a loss and damage fund without having done any background modelling on the impact for Australia. Media reports—which I must use as a source, Mr Deputy Speaker, because this government has not provided any details—are saying the loss and damage fund will

require US\$2 trillion a year by 2030. Yet we do not know how much the Australian taxpayer will be asked to contribute, and the government cannot guarantee to whom such contributions would go. They cannot guarantee that Australian taxpayers' money would not go to countries such as China, the world's second-largest economy and the world's biggest emitter, yet the government have signed up.

Moving forward from here over the next 12 months in opposition, the coalition will remain constructive where we can but critical where we must. As I mentioned at the start of this statement, there is a shared aspiration in this parliament of creating a better world and a healthier and more sustainable environment. Much of the debate about climate change and energy in Australia centres around the target of reaching net zero by 2050.

As we reflect on that target, we need to ask: what sort of world—indeed, what sort of Australia—do we want to see by 2050, midcentury? As a dad to a four-year-old boy and a 10-year-old girl, I think of them when I reflect on that question. When they're my age, I want them to be living in an even better world than what we have today and a cleaner world, and that is because our generation would have taken the action to meet the challenges of climate change. I also want them to live in a 2050 Australia that's still a successful, independent, liberal democracy, that provides safety and security for its citizens—each enjoying the freedom and opportunity to pursue their own course in life and with their own Australian way of life protected. Is this doable? Absolutely, it is, but it won't just happen. Part of the formula is having a clearly defined pathway to decarbonise the Australian economy—one that is ambitious, optimistic and aspirational, but also practical and achievable.

A pathway that decarbonises the economy should be built on a platform to achieve three objectives: (1) that Australia remains prosperous, not poor; (2) that Australia be strong, not weak; and (3) that Australia be free and sovereign, and not captive to the interests of foreign powers. What have these broader objectives got to do with climate change and energy? Everything. As a nation we have committed to reaching the destination of net zero by 2050, but how we get there is the most fundamental question that needs to be answered. And that is the difference between the government and the opposition.