

## **MINISTERIAL STATEMENTS**

### **Annual Climate Change Statement**

#### **Reference to Federation Chamber**

Mr TED O'BRIEN (Fairfax) (17:28): Australia is in the midst of an energy crisis. Energy is the economy, and energy security is national security. The cost and reliability with which energy is delivered largely determines our way of life as Australians. At the turn of the century, Australia had among the lowest energy prices in the industrialised world, but today Australians are paying among the world's highest prices. That's not just homeowners and renters but business owners, manufacturers, retailers and farmers too. As energy prices have risen, so too has the cost of producing food, sending the price of basic grocery items soaring for mums, dads, seniors and people doing it tough right across the country. It's a simple formula: high energy prices mean that goods cost more to make and that services are more expensive to deliver. High power prices are impacting Australia's homegrown inflation, including in the housing sector, where increasing material costs are pushing up the cost of building new homes.

What is the cause? Since the Albanese Labor government came to power, it has pursued an all-eggs-in-one-basket, renewables-only energy policy, the consequence of which is higher electricity prices. The Prime Minister went to the last election promising the Australian people a \$275 reduction in household power bills, but people are paying up to \$1,000 more than what Labor had promised. Only this morning the minister was on national television confirming he will still deliver on that promise by next year, so, according to the minister, in just over four weeks' time, Labor will reduce household power bills by now up to \$1,000, not as a one-off but forevermore.

Ever since Labor came to office, an extra 600 families every single week have gone on hardship arrangements with their energy retailer. During this term, nearly 25,000 businesses have gone insolvent, nearly 6,300 of those have been construction companies. One reason for their collapse is the cost of electricity which makes doing business unsustainable. With fewer building companies, fewer houses are being built.

Cheap, clean and consistent 24/7 electricity isn't only needed to alleviate cost-of-living pressures for residents and to support businesses but is also a prerequisite to building Australia's sovereign capability in fields which are critical to our future, especially in an increasingly volatile world, including high-value manufacturing, mineral processing, automation, artificial intelligence and cloud computing. These are energy-intensive activities which can only be competitive for businesses if they have access to cheap, clean and consistent 24/7 electricity, which they currently do not.

Delivering that is the focus of the coalition team, and it is reflected in the policies that we have begun to layout. It is the coalition's plan to move Australia towards becoming a nuclear-powered nation. Indeed, this is the most visionary policy put forward by an Australian political party this century. Under Peter Dutton's leadership and with a united Liberal-National team, we make no apology for taking it all the way through to the next election. It's policy which rejects political short-termism and ideology to instead embrace imagination and pragmatism so we can set our nation up for future generations. Our plan for nuclear energy marries the past with the future, a past where Australians enjoy prosperity with cheap, clean and consistent 24/7 electricity to a future where our children and theirs can similarly enjoy a prosperous way of life because Australia once again has become a nation with affordable and reliable energy.

Much of the debate on climate change and energy in Australia centres around the target of reaching net zero by 2050. To meet that challenge, the first question we must ask ourselves is not about net zero or even about emissions; rather the first question to ask ourselves is: What sort of Australia do we want to be in 2050 and beyond? What sort of nation do we want to bequeath our children and our grandchildren? This is the first question. It's the starting point. Because how we manage energy on a path to a carbonised future will largely determine the Australia that we become such is the importance to our everything—to our nation's economy, security and social wellbeing.

At next year's federal election, Australia will be presented with two alternative pathways for our energy future: one Labor and one Liberal—one Labor, Greens and teal, and one Liberal-National. If we choose the right path, our children and theirs will inherit an Australia that is rich, strong and fiercely independent. But we choose the wrong path, and they will inherit an Australia which is poor, which is weak and which is dependent on foreign powers, whose interests may not align with our own. That is what's at stake here, and it's why our nation is at a fork in the road when it comes to our energy future.

The path the coalition proposes relies on a balanced energy mix of renewables, gas and—as coal retires from the system—zero emissions nuclear energy. This is our coal-to-nuclear strategy, replacing one form of baseload power with another. We've already mapped out much of our plans with respect to nuclear energy. We have announced the nuclear technology to be considered: only next-of-a-kind, internationally proven, small modular reactors or large modern plants—only generation 3 and beyond. We have announced the institutional architecture to be adopted, including an expanded ARPANSA, a new nuclear energy coordinating authority, and a government business enterprise called Affordable Energy Australia.

We have announced how we will get there; how we will get started, with two establishment projects; when electrons will first come on to the grid, in the mid-to-late 2030s; and who will own them—notably, the government, with global partnerships formed for plant development and operation. We have announced seven locations across the

five states on the mainland, on the sites of coal-fired power stations, which offer transmission infrastructure, cooling water capacity and skilled workers. We've announced a comprehensive two-year community engagement process, where local communities are put at the centre through a community partnership model.

We have announced benefits for those local host communities, from a multibillion facility guaranteeing high-paying jobs for 80 or up to, maybe, 100 years; a regional deal to unlock investment in modern infrastructure, services and community priorities; and an integrated economic development zone to attract investment in manufacturing, value-adding and high-tech industries. We have announced other aspects of our approach as to environmental benefits, safety management, waste management, fuel supply and much more.

As the United Nations climate envoy John Kerry says, we can't get to net zero in 2050 without some nuclear in the mix. And he's not the only one. There's a reason why all other advanced economies in the world are either using nuclear energy today or looking to do so, and it's the same reason why countries in our own region are looking at introducing nuclear energy for the very first time—including Indonesia, Singapore, Malaysia, the Philippines, Vietnam, Cambodia, Thailand, Laos and Sri Lanka. They're doing so because nuclear energy, as part of a balanced energy mix, gets prices down and keeps the lights on, and, without it, you cannot get to net zero: no nuclear—no net zero. It's no coincidence that companies like Amazon, Google and Microsoft are also looking to nuclear to power their future operations.

Zero emissions nuclear energy is no silver bullet solution. This is why our policy is for a balanced energy mix for our future electricity grid, including gas and renewables. As a nation, we need more of everything to get it right: more gas and more renewables; and, as coal retires, we need zero emissions nuclear energy. We call this our all-of-the-above approach, so we can maximise optionality of different technologies that complement each other. Australia needs all technologies on the table for due consideration, so we can build the right balanced energy mix to deliver cheap, clean and consistent 24/7 electricity.

In contrast to our plan is Labor's path: an all-eggs-in-one basket, renewables-only plan—a plan that is already failing on every single count. On prices: we're now paying among the highest prices in their world. On reliability, the market operator's warnings of looming blackouts have already become a reality. This week we have already seen blackouts, with thousands of homes being thrust into darkness, businesses being asked to stop producing things and residents being asked to stop washing their clothes and their dishes and, in the heat, to not even turn on their air-conditioning. This gives us all a glimpse into what the future holds under the Albanese government. This is a glimpse into their dream of Australia as a renewable energy superpower.

As for Labor's performance on emissions, the report the minister has just tabled in the parliament, the 2024 annual progress report, confirms that emissions have been going up, not down, under the Albanese government. That's right,

the minister just told the parliament in his speech that emissions are now down 28.2 per cent on 2005 levels. From previous National Greenhouse Gas Inventory updates, we know emissions were at 29 per cent below 2005 levels when the coalition left office, so they are now going in the wrong direction. Even the government itself confesses that on its best-case scenario, with all its future plans and policies coming to fruition, it still will not meet its 43 per cent emissions reduction target. Today's annual progress report reveals that over the last year Labor has been running 500 per cent behind the rate required to meet its target.

Then we have Labor's infamous 82 per cent renewables target. What a shocker! Today's report confirms Labor's 82 per cent renewables target simply will not be met, with the Climate Change Authority saying the only way it can be achieved is if the government 'pursues additional policy measures'. In other words, not only are the policies of today not working, but the policies that they've mapped out, which are yet to even kick in, won't get them there either. This is not some minor footnote here. This is a big deal because Labor's renewables target represents around 80 per cent of its total emissions reduction requirement to hit its 2030 target.

Nonetheless, the minister will decry that his current policies will get him, oh, so close. Again, the Climate Change Authority sends a cautionary warning here, saying that policy announcements do not automatically lead to real-world outcomes. In other words, it's one thing for Labor to have wonderful dreams of its green future, but the Australian people are living a nightmare. Just because Labor professes a dream in a policy, they must not assume, according to the Climate Change Authority, it will automatically lead to real-world outcomes. Labor foolishly set its emission reduction target from opposition, and they arrogantly legislated those targets upon coming to government. Now they can't achieve those targets, not even on their best-case scenario.

There does remain an outstanding factor, a critical factor, that needs to be considered when comparing the coalition's plan to Labor's, and that is economics. The coalition has been working with highly respected and independent economists and energy experts, Frontier Economics, to assess and compare our two plans—a renewables-only plan and one which includes zero-emissions nuclear energy. The work of Frontier Economics will be released in two reports. A few weeks ago, I announced the findings from the first of these reports, which outlined the real cost out to 2050 of Labor's renewables-only plan. The second report, yet to be published, will outline the cost at the 2050 of the coalition's preferred approach, which includes nuclear energy.

Based on the findings from Frontier Economics, Labor is engaging in one of the most scandalous con jobs ever attempted on the Australian people. On multiple occasions Labor has said its plan to build a net zero electricity grid by 2050 would cost \$122 billion. The minister, who is here across the desk, has said on multiple occasions it would cost \$122 billion, but Frontier Economics modelling shows the actual cost of Labor's plan will be at least \$642 billion, over

five times more expensive than what Labor claims. Today in question time I asked the minister whether or not those figures are accurate, and he could not deny that they were. This is the total cost of the power system—utility scale generation, storage and transmission—as outlined by the Australian Energy Market Operator in its preferred step change scenario, which is Labor's plan as confirmed by the Prime Minister at this dispatch box.

That \$642 billion, it should be noted, does not include the cost of Labor's plan for Western Australia or the Northern Territory. Nor does it include the billions of dollars ordinary Australians are expected to pay for rooftop solar and household battery investments. Nor does it account for the cost of upgrading distribution networks. So we now all know it's going to cost \$642 billion for utility scale generation, storage and transmission on the NEM alone; the minister said it would cost \$122 billion. This means Labor has been hiding at least \$520 billion in costs to be borne by everyday Australians. That's the equivalent of \$59,000 per household in the National Electricity Market.

Here are some other things you should know about the Frontier Economics modelling. First, Labor has hidden transmission costs. Frontier revealed \$62 billion in unaccountable transmission costs. That's over twice the current asset base, which is valued at \$29 billion. This \$62 billion is likely to be underestimated, by the way, given the propensity for cost blowouts on transmission projects. Labor's plan also fails to account for the cost of large-scale projects, which they treat as sunk costs. Even though they have yet to commence and yet to be paid for, they categorise them as sunk costs.

The second thing to note is that Labor has introduced a carbon price by stealth. Frontier Economics notes that since May 2024 the government has effectively introduced a carbon price, known as the value of emissions reduction, to make it appear as though coal power will exit prematurely because it just can't compete with renewables. Labor's current carbon price is around \$70 per tonne, which is about twice the 2024-dollar value of the Gillard government's carbon tax, which was around \$24 a tonne. To justify the government's preferred renewables-only energy mix, Labor's carbon price will need to rise to \$420 per tonne by 2050; that's the 2024-dollar value. The cost of malinvestment arising from this shadow carbon price will be borne by—guess who?—Australian consumers and/or taxpayers.

The third thing to note about what Frontier Economics revealed about Labor's plan is a massive overbuild of the system. Frontier Economics highlights Labor's wildly ambitious demand forecast for electricity drawn from the grid, locking Australia into an expensive, overcapitalised and unnecessary overbuild of the National Electricity Market.

Analysis of historical data shows that over the past two decades AEMO has consistently got electricity demand projections grossly wrong. When you look at Labor's flawed assumptions underpinning these projections you understand why. Let me give you just two examples. Labor assumes that electric vehicle uptake will reach 89 per cent of new car sales by 2030. The current EV uptake is only 7.2 per cent. Labor assumes green hydrogen production will require more than 25 per cent of the output of our current system. I think we all know how that's going. The

consequence of such unrealistic assumptions is high electricity demand forecasts, which puts undue pressure on policymakers and the private sector to overinvest. The fourth thing to know is Labor's covert cost blowouts. Labor's renewables-only plan has already been plagued by cost blowouts concealed from the Australian public. For example, Frontier Economics exposes how, between the 2020 and 2024 integrated system plans, projects such as VNI West, HumeLink and the Gladstone grid have been subject to substantial cost escalations. This pattern of rising costs showed how, with complex approval processes, project developers can increase budgets with minimal oversight.

The fifth thing to know is Labor's extend-and-pretend trick with coal. When it comes to Labor's claim that 90 per cent of coal fired power will be forced out of the grid by 2034, Frontier Economics notes this is at odds with the scheduled closure of those plants according to the owners of those plants. There is 10.8 gigawatts of coal capacity which the Albanese government claims will be gone by 2034 but which everyone in the industry knows will in fact still be operating. If Labor is fair dinkum about its plan to close coal early, the Prime Minister and the minister need to come clean and announce which coal plants they intend to close prematurely. Better still, they need to go to those communities and look the coal plant owners and their families in the eye, come clean and tell them they're closing them down early. But they won't do that, because they think that pretending their extension of coal—which is happening right now, today—is not happening is a winning strategy. This is why Labor's approach is a scandalous con job. It's a deception of the worst kind.

Our energy future is too important to be decided on duplicity and deception, in backroom meetings and hidden in the fine print of glossy documents. This is why I am today inviting the Minister for Climate Change and Energy to engage in a series of public debates with me about Australia's energy future in the lead-up to the next election. The ABC and Sky News have already agreed to host debates and we should do them both. But debates shouldn't just happen in TV studios. They should take place in the communities most impacted by the decisions that will be made by governments. I propose we hold public debates in the communities identified by the coalition to potentially host nuclear power plants, as well as in the communities directly impacted by offshore wind zones identified by Labor. Out of courtesy to the minister, who is from New South Wales, I propose the first of these be held in January in Muswellbrook and Port Stephens respectively.

Let's get back to basics in Australia, not just in policy terms but in how politics is done. Let's debate Australia's energy future in town halls and sporting clubs right across the country so the Australian people can be afforded the opportunity to hear about the choice that lays ahead of them, because that choice will largely determine the nation we become by 2050 and beyond. Under Labor's all-eggs-in-one-basket, renewables-only approach, Australia will become a poor, weak and dependent nation. But, under the coalition's balanced energy mix, Australia in the future will be rich,

will be strong and will be fiercely independent. We are at a fork in the road and the choice will be that of the Australian people.