



# Climate Futures Bill 2007

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Extract from NSW Legislative Council Hansard and Papers Thursday 21 June 2007.

### Second Reading

**Dr JOHN KAYE** [11.10 a.m.]: I move:

That this bill be now read a second time.

On any view we are now in a climate crisis—a crisis brought on by escalating greenhouse gas emissions, a crisis made clear by the mounting scientific evidence that those emissions are extremely likely to inflict untold damage on our way of life, our health and our economy, and a crisis made particularly urgent in this State both by our vulnerability to adverse climatic outcomes, as demonstrated by the current drought and recent coastal storms, and by our disproportionate contributions to greenhouse gas emissions. This bill attempts to respond to the crisis by addressing this State and nation's largest single source of greenhouse gas emissions, coal. This bill aims to do so in a way that enhances employment, strengthens our economy and deepens our democracy.

The bill prohibits the development of new coalmines and new coal-fired electricity generating capacity or any other activity to extend the life or increase the capacity of existing coalmining or generating facilities. It also seeks to undo two massive planning errors made by the lemma Government by retracting approval for the Anvil Hill coalmine and for the coal loader expansion in Port Newcastle. The effect of these provisions would be the predictable and orderly run down of the coal industry in the State over a period of a decade and a half or more: As existing coalmines fully exploit their resources they will close; as power stations reach the end of their economic life they will be shut down without replacement.

The intent is to create an orderly and predictable timetable for the State to break its dependence on coal for domestic generation and export. This is not—and I emphasise the word "not"—an immediate or even rapid shutting-down of the industry; it is the establishment of a timeframe for reduction to sustainable levels of emissions generated in the State and caused by our exportation of coal. It establishes a timetable for moving the State to post-carbon sources of electrical energy and to world-leading levels of energy efficiency. This bill is based on the vision of New South Wales as a leader in renewable energy. It achieves that vision by mandating serious renewable energy targets. By 2012, 20 per cent of electricity consumed will be generated by renewable resources and 50 per cent by 2020. By driving much stronger targets than are currently envisaged by the New South Wales State Government, the bill aims not only to drive the transition to a sustainable energy sector in the State but also to kick-start a renewable energy manufacturing industry that will create jobs and export revenue. The bill also expresses the intention of Parliament to provide funding for employment development and communities that currently are dependent on coalmining. We recognise that large-scale economic, industrial and social transitions do not come about easily, but we are committed to the idea that no single individual, no single household and no single community should be made to bear the brunt of the costs of the transition.

The bill specifically identifies the need to boost retraining and re-skilling

opportunities for coal industry workers to enable them to become active participants in the renewable energy revolution. It also identifies the need for funding to provide new business and employment opportunities for communities affected by the inevitable downturn in the coal industry. The Greens believe that such just-transition funding, if intelligently applied, can mean that there are no losers. By equitably sharing the economic benefits of a renewable energy manufacturing industry coal communities can experience a jobs boom, and can do so without experiencing the enormous local environmental and health impacts of coalmining and coal-fired power stations.

The bill brings to Parliament the campaigning work of the Greens for a sustainable energy industry and for justice for communities in the coalmining areas of the State. Legislation of this type was first introduced into the last Parliament by my colleague Ms Lee Rhiannon, and I am honoured to work with her on this bill. There is no doubt that, just as many incorrect or misleading things have been said about the Greens' campaign, so too will much be said of this bill that is plainly wrong. I will say unequivocally what this bill does not aim to do and would not achieve. First, the bill is not designed to bring about an immediate or precipitous end to the coal industry by closing down existing coalmines. It is a tragedy that the Treasurer is not present in the Chamber to hear me say that. It is worthwhile repeating the statement for his benefit: This bill is not designed to bring about an immediate or precipitous end to the coal industry by closing down existing coalmines.

The bill will not cause blackouts by closing down existing coal-fired power stations, and the bill will not undermine employment opportunities. On the contrary, the bill is designed specifically to secure long-term jobs by confronting the inevitable imperative to reduce greenhouse gas emissions before we are forced to do so by international pressure. By setting our own timetable, by planning for a careful and equitable transition and by taking the time and effort to ensure that the State becomes a leading manufacturer of renewable energy, we can turn the crisis into a massive and exciting opportunity for this State.

The support of the Greens for this bill is based on two key observations. First, coal is carbon, and when carbon is burnt it produces carbon dioxide. Australia mines and burns a lot of coal and is responsible for a disproportionately large fraction of global emissions and rising atmospheric concentrations of carbon dioxide and other greenhouse gases. Approximately 40 per cent of Australia's 560 million tonnes of carbon dioxide and carbon dioxide equivalent greenhouse gas emissions come from the mining or burning of coal. Approximately 30 per cent of our total emissions come directly from the burning of coal to produce electrical energy. In New South Wales approximately 90 per cent of what comes out of a power point is directly generated by burning coal. Approximately 5 per cent of our national emissions come from steel and cement manufacturing, and another 4 per cent from fugitive emissions, which are basically coal-seam methane that escapes during mining. In all, approximately 226 million tonnes of carbon dioxide equivalent greenhouse gases in Australia come from the burning and mining of coal.

But 75 per cent of coal mined in Australia is exported. This nation is the world's largest exporter of coal—30 per cent of all coal traded around the world comes from Australia. Most of Australia's coal goes to Japan and lesser amounts are exported to Korea, Taiwan, China and Indonesia. In all, our coal exports are responsible for 600 million tonnes of carbon dioxide when burnt in the power stations, steel mills and kilns of Asia. Australia's coal exports are responsible for more greenhouse gas emissions than are produced by all human activities in this country. Our coal exports

are responsible for approximately 1.4 per cent of the world's annual greenhouse gas emissions and our domestic activities are responsible for approximately 1.3 per cent.

We Australians are responsible for approximately 2.7 per cent of the world's greenhouse gas emissions but we have less than 0.3 per cent of the world's population. We are almost 10 times above the world's average per capita greenhouse gas emissions. Our economic dependence on coal drives massive and unacceptable increases in carbon dioxide concentrations in this planet's atmosphere. This is fundamentally a moral question. Can we continue to do that when we know there is a very high degree of certitude that we will be compromising the health, the wealth, and the lifestyle of our children as well as ourselves over the next two decades?

The Greens believe that the only moral and responsible course of action is to make profound cuts to our greenhouse gas emissions, as this bill seeks to do. The second observation salient to our promotion of this bill is that the decisions that we make now will determine the economic future of this State in the face of changing world attitudes to climate change. We run the real risk of being badly left behind in the race to develop cost-effective low-carbon sources of useable energy. On that view, we are now choosing between two separate and distinct futures. The first choice for the future is based on business as usual, massive expansion in coalmining and coal exporting, new coal-fired power stations, accompanied by an only tokenistic effort at developing renewable energy and energy efficiency to satisfy the environmentally aware voter without disturbing the profits of the powerful coal corporations.

At some point in the next decade and a half we are likely to be confronted with an international community that takes climate change extremely seriously. The international community will tell Australia that it no longer wants our coal because the rest of the world has developed renewable, post-carbon sources of energy and no longer requires coal.

**The Hon. John Della Bosca:** When do you think this will happen?

**Dr JOHN KAYE:** It is likely to happen in the next decade and a half or two decades. At that time the international community will seek to constrain Australia's in-country emissions with the threat of economic sanctions. At that point we will hit a dead end, economically, socially and environmentally. Simultaneously, as one of our major sources of export revenue will dry up, we will have to drive massive and expensive changes in our electricity industry. Having failed to develop a capacity to produce low and no carbon energy sources we will be forced, yet again, to turn to import solutions.

The economic consequences would be appalling: an economy in free fall, massive unemployment and in all probability increasingly adverse climatic conditions, including prolonged droughts, severe storms and the beginning of coastal inundation. The impact of that could be massively exacerbated by skyrocketing oil prices caused by constrained supplies of crude oil in what is now referred to as "peak oil". Although that scenario might never eventuate, the bill seeks to address whether the convenience of the existing coal industry justifies the risk of catastrophe that could be caused by it and the State's dependence on it. The consequences of that scenario are made particularly adverse by the way it would take out of our hands the ability to determine a response. We would be driven by international pressure and by our lack of preparation into measures that would not create employment opportunities and would not produce a vibrant or healthy economy.

The alternative choice encapsulated in the bill is based on the idea that we can mitigate the risk of that scenario by starting work now on the transition to a post-carbon future with much lower economic and social reliance on coal. By determining our own timetable, by investing in a renewable energy industry and by planning ahead we maximise our chances of securing jobs, wealth creation and achieving a successful social structure through the difficult times that are very likely to lie ahead. The bill is designed to put New South Wales ahead of the change, not to leave it lagging behind. By creating a timetable and supporting a renewable energy industry the Greens believe that we can secure a position as a world leader in clean energy and with huge export opportunities.

As the global climate crisis deepens we will be prepared to reduce our emissions and to export technologies that will help other jurisdictions to do exactly the same. The difference is whether we are prepared to take on the coal corporations. Are we prepared to look ahead and secure a place for ourselves and our children or do we continue with business as usual? No doubt some opposition to the bill will be based on the idea that it would undermine jobs in the coal industry. However, we should also show the same degree of concern for the 63,000 full-time equivalent jobs that are dependent on the Great Barrier Reef as a tourist attraction, and for the more than 100,000 agricultural sector jobs that are vulnerable to drought, as has been tragically demonstrated over the past five years. I hope we are now heading out of that drought. Those jobs are at risk if we do not reduce our greenhouse gas emissions, as the natural resources that those jobs rely on are totally vulnerable to climate change.

It is also ironic that the greatest loss of jobs in the coalmining industry—between the mid-1980s and 2002, when 18,000 jobs were taken out of the industry—went entirely unremarked in this Parliament, the Federal Parliament and the media. As mining corporations shed employees in favour of new technologies—in the case of longwall mining technologies in underground mining—the Australian Labor Party and the Coalition were busy looking the other way. The corporations were only too happy to replace their workers with capital investment. Many of those who failed to speak up then, but now put their hands on their hearts and proclaim their concern for coal industry workers, are simply exploiting the workers to run arguments that are more about supporting the profitability of the coal giants than employment in the coal industry.

While the Australian coal industry was busy shedding 18,000 jobs the small country of Denmark was busy making decisions about developing a wind industry that would lead to 16,000 new jobs. By a conscious national decision—a comprehensive industry policy to support the manufacturers and exporters of wind technology—Denmark became a world leader and a major exporter. Denmark took big steps towards breaking its dependence on coal, which was imported coal. Denmark engaged its workforce in exciting, innovative and socially fulfilling work in renewable energy production.

If Australia had done the same thing—and that is exactly what this bill proposes—we would have created about 60,000 jobs; that is, more than 2.5 times the number of workers currently in the coal industry. Further, by pushing into other renewable and energy-efficiency areas we can secure employment opportunities for the next generation. Of course, we need to reinvest in our public education system, particularly in TAFE, to make sure that that becomes a reality; but that is a topic for another debate. Each unit of energy generated by renewable technology creates about 4.5 times the number of jobs compared with coal generation.

If we grasp this nettle now we can secure employment. If we do it cleverly we can make sure those opportunities are in communities that have high rates of unemployment and those that would be affected by a move away from coalmining. Much of what is advanced in support of the coal industry is based on supposed economic benefits to Australia. The proponents of the coal industry talk about an annual \$17 billion, \$18 billion or \$25 billion industry. This amount presumably represents the net revenue of the sale of coal at about \$70 a tonne. That is a nice story, but the problem is that some of those benefits are lost in direct and indirect subsidies, including the diesel fuel rebate, and much more is lost to Australia in expropriated profits that go to overseas owners of the mines.

The real hole in the economic argument concerns greenhouse costs. Sir Nicholas Stern described global warming as the biggest market failure in history. He was alluding to the failure to internalise the costs of climate damage, which he estimated at \$A103 per tonne. At that rate each tonne of coal does \$268 worth of damage. That is, every tonne of coal that we mine or export delivers a \$198 loss if we are honest enough to include the long-term damage to communities, households and individuals around the world. Someone will pay each and every cent of those costs. They are real and they are measurable. Anvil Hill coalmine, whose approval would be withdrawn by this bill, would produce about 10.5 million tonnes of coal each year, which is about 27 million tonnes of carbon dioxide when burnt.

On those figures, Anvil Hill would be a \$2 billion a year loser. Damage to communities, businesses, the environment and the future from each year's coal output is \$2 billion greater than the revenue received by the mine owners. Even if Sir Nicholas Stern's figures are not accepted, and it is claimed that \$103 per tonne is too great, the story is still gruesome. For coalmining to be uneconomic all that is needed is a carbon dioxide tax of about \$27 a tonne.

Such an impost on every tonne of coal that is produced will result in coal becoming an uneconomic source of fuel. That is not a big figure, but I suggest we are likely to see international costs of coal approaching that figure in the near future. In reality, the economic arguments for expanding the coal industry are arguments about expanding the profits of the coal industry at the expense of everyone else. It is a massive rip-off of this generation and future generations, and it is one that we will come to look back on as a highly shameful act. This bill seeks to avoid that sort of rip-off.

The favourite ruse of the supporters of an expanded coal industry is to distract the community with promises of clean coal. The idea is either that technologies and locations will be developed to cost-effectively separate and bury the carbon dioxide, or there will be massive increases in the efficiency of coal combustion so that the number of tonnes of carbon dioxide generated per megawatt hour of energy will come down to an acceptable level. The term "clean coal" is a deliberate and misleading conflation of two very separate technologies—carbon capture and storage, and higher efficiency coal combustion or, as Malcolm Turnbull said, in an uncharacteristically candid moment on ABC television earlier this year, "Clean coal or cleaner coal".

In reality, clean coal is a marketing exercise designed to buy time for the coal industry to continue to make massive profits. Even the most enthusiastic proponents of clean coal technology make it clear that commercial application is at least 10 years or probably 15 years away, if it ever works. The science is clear: we do not have 10 years to continue business as usual, pumping 40 billion tonnes of carbon

dioxide and carbon dioxide equivalents into the atmosphere every year. We cannot allow emissions to continue to grow over that 15-year period. If we do there are real risks that we will pay an enormous and unacceptable price for the damage we do to the climate and to the things we do that are supported by that climate.

Further, clean coal is a massive gamble. It is a technology that has not yet been proved to work. Effectively, the people of New South Wales are being told, "Don't worry about that. Our clever and handsome scientists will come up with a technological solution that will solve these problems some time in the next 15 years." It is like not having enough money to pay one's rent, so one nicks off to the local RSL, puts one's money into the poker machine and hopes to get enough money out of it. We are gambling on our future by saying that coal can be clean. We are gambling on the future of our children. We have no right to make a moral judgment about what they would or would not want us to do.

This is the worst kind of snow job that this State has ever seen. But the worst argument that will come up against this bill is one that was used by planning Minister Frank Sartor in justifying the approval of the Anvil Hill coalmine. His justification was, "If we do not do so, someone else will." That displays the worst kind of moral weakness that could be used to justify a crime of any nature. If we followed the planning Minister's argument through to its logical conclusion, all protections for the international commons would be abandoned. The atmosphere, the seas and the ozone layer would all be at the mercy of anybody who sought to damage them for his or her profit. If we translate that morality into our own lives it means that we should steal from our neighbours because if we do not take their videocassette recorders or steal their cars somebody else will.

I cannot believe that the planning decisions in this State are in the hands of a man whose only justification for developing a coalmine that will produce 27 million tonnes of carbon dioxide—more carbon dioxide than that which is emitted from all the motor transport in New South Wales every year—is that if we do not do so somebody else will. This bill states very strongly that if we do the right thing other people will as well. This bill is about ending the excuses; it is about creating a deliberate and predictable timetable for New South Wales to make a transition to a clean energy future. It is about creating jobs and an economy that work for the community. I commend the bill to the House.