

Second Reading

The Hon. DUNCAN GAY (Minister for Roads and Ports) [11.17 a.m.]: I move:
That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The Clean Coal Administration Amendment Bill makes a number of useful amendments to the *Clean Coal Administration Act 2008*.

The amendments are not major, but they will ensure that the Council established under the Act continues to be effective.

The amendments will do this, first, by streamlining the council to make it more efficient.

As well, the amendments will ensure that the language of the Act reflects current terminology on developments to reduce greenhouse gas emissions from burning coal for energy.

They will also ensure that the names of the Council and the Fund established under the Act better reflect their innovative purpose.

We might ask why New South Wales needs to have an Act, and research and development, into low emissions coal.

It is because we derive 90 percent of our electricity from coal-fired generators.

These coal-fired generators currently emit 63 million tonnes of greenhouse gases annually from burning coal.

With the introduction of Federal Labor's proposed carbon tax of \$23 per tonne, New South Wales energy industries face a new annual bill of \$1, 450 million.

And this annual bill will increase yearly as the demand for electricity grows.

We all understand the benefits of renewable and alternative sources of energy in our efforts to reduce greenhouse gas emissions.

New South Wales is providing energy from renewable resources which include solar, wind, biomass, landfill gas and hydroelectricity.

As well, work continues on developing energy from geothermal sources.

But in 2010, solar and wind-based energy in our energy generation mix contributed just 3.8 percent to New South Wales energy generation.

Neither wind nor solar power is a continually available source of energy, in contrast to coal, gas and hydroelectric power.

Until other sources are able to provide reliable base-load energy, New South Wales will continue to rely on coal. Without coal fired power, our State would grind to a halt.

We need to work towards reducing emissions from coal mining and combustion in a way that allows us to maintain our economy and provide the means for it to grow.

Innovation in this field is essential.

We do not have the technology, nor can consumers absorb, the massive electricity cost increases from capital investments to make a large or immediate shift to renewable energy sources.

Renewable energy work is ongoing and is well-supported by the New South Wales Government. And it will continue to be well-supported by the Government.

In the meantime we have to make every effort to reduce emissions from the main energy production methods we already have.

As always, our universities and research institutions are at the forefront of that research. They are working to develop new emissions capture and storage technologies as well as a range of complimentary technological innovations.

Support for this work needs to extend from basic research and development to the demonstration and commercialisation of new technologies.

The Government is committed to supporting research and development of innovative solutions to reduce greenhouse gas emissions from burning coal for energy.

We cannot underestimate this work.

The *Clean Coal Administration Act* established the Clean Coal Council and the Clean Coal Fund.

The role of the Council is to provide advice and make recommendations to the Government on the provision of funding for research and development projects.

Through its funding, the New South Wales Government is supporting world first research and development projects for lower emission technologies.

As well as its funding role, the Council also provides advice to Government on the development and implementation of low emissions technologies.

The Council also promotes new technologies to other research institutions, to industry and to the general public.

The Council can support innovation efforts by directing funds for the demonstration, commercialisation and promotion of new technologies.

Further, the Council plays a role in identifying opportunities for public and private sector involvement in research projects at state, national, and international levels.

The Council is structured so that it brings together representatives from the coal industry,

from Government, and from relevant disciplines such as research institutions.

The Act currently provides for the Council to have five members from Government and five from industry.

As well, the responsible Minister may appoint an unspecified number of members, who have qualifications or experience relevant to the functions of the Council.

The Chair is appointed from the membership of the Council.

This bill reduces the membership of the Council from the present unlimited number, to a maximum of nine.

This will mean a more streamlined, efficient Council, able to effectively make recommendations to Government, and advise on low emissions technologies.

We therefore propose to have two members on the Council from Government and two from industry.

Industry members would continue to be nominated by the Australian Coal Association and the New South Wales Minerals Council.

We further propose that the responsible Minister may appoint up to four members, with qualifications or experience relevant to the Council's functions.

There will also be a change in the appointment of the Chair.

The bill makes clear that the Minister will appoint an independent Chair who will provide for objective leadership on the Council.

I will turn now to the role and significance of the Clean Coal Fund.

The Fund supports the research and development of low emissions technologies. It can also assist with demonstrating and commercialising these technologies.

Honourable members would be aware of the enormous sums of money needed to research and develop the sorts of technologies that will lead to commercialised low emissions coal.

Industry and Government have clearly recognised the need for significant investment in developing these new technologies.

The black coal industry has committed \$1 billion over ten years to the development of low emissions technologies through the COAL21 Fund. Of this, \$400 million has been earmarked for projects in New South Wales.

As well, the Commonwealth Government has committed \$50 million to New South Wales through its National Low Emissions Coal Initiative.

The New South Wales Government committed \$100 million over four years to the original Clean Coal Fund for the development of low emissions technologies.

In driving innovation in this sector, the O'Farrell Government is building on its firm

commitment to reduce the emission of greenhouse gases in New South Wales.

The projects currently funded by the Council are making a significant contribution to the development of low emissions technologies nationally and internationally.

In all, eleven projects are being supported, at least in part, with money from the Fund.

Three of the projects have matched funding from the Commonwealth Government.

As well, several projects have either matched funding or significant financial support from industry.

One example of the research being undertaken is at the University of Newcastle.

At its Priority Research Centre for Energy, the University is researching a new way of producing pure oxygen to use in the efficient burning of coal to generate electricity.

This proposed technology promises to be a very cost effective way to mitigate the prohibitive costs associated with conventional air separation.

Air separation is part of the process of oxyfiring.

If the cost can be significantly reduced, it would overcome one of the biggest barriers to using oxyfiring as a carbon capture technology.

Air separation also has the potential to revolutionise a wide range of industrial practices.

And this is just one example of the sort of cutting edge research and development taking place right now.

The original focus of the Clean Coal Council was the research and development of technologies around what was then referred to as "clean coal" technology.

But the term "clean coal" is somewhat of a misnomer.

It tends to suggest that research scientists might one day find a coal that burns without emissions.

The term "clean coal" did not then and does not now accurately reflect the aims of the Council or the Fund which supports it.

The purpose of the Council is to acknowledge the emissions from coal fired power and then encourage and promote new and innovative technologies to reduce those emissions.

It is clear that the Clean Coal Council and the Clean Coal Fund have had a critical role in enabling this ground breaking technology to reach its full potential.

But their role is focused on innovation, and so the Government seeks to amend the Act to reflect this in the name of the Council and the Fund.

We therefore propose that the name of the Council is changed to "Coal Innovation NSW". In keeping with this change, the Fund will become the "Coal Innovation NSW Fund".

The previous Council was very supportive of a name change away from "Clean Coal".

If changing the name of the Council and the Fund help their function and purpose to be clear, it is just as important that the name of the Act reflects its purpose.

The bill will therefore change the name of the Act to the *Coal Innovation Administration Act*.

These changes, to the name of the Act, the Council and the Fund, will reflect the key function of this legislation: innovation.

The changes will make it very clear to all what this Act is about, and what its focus is.

The bill proposes one further change.

As mentioned, the term "clean coal" was applied to the aims of the Act when it was passed in 2008.

In 2011, it is recognised that the phrase "low emissions" better describes the goal of the research being undertaken.

The Act will therefore be amended to change references to "clean" coal to "low emissions" coal.

Coal Innovation NSW will continue to fund research and development projects that are cutting edge, which are leading to major developments in the industry.

They will provide the technology that is used in the future to ensure that the emissions from coal combustion are significantly reduced.

The reductions in emissions will benefit not just New South Wales and Australia. They will also benefit our international trading partners.

Our trading partners may also have the opportunity to make use of these new and exciting technologies.

These amendments will ensure that legislation for the funding and development of low emissions technologies remains relevant and up to date.

I commend the bill to the House.