



Senator
Steve Fielding
Leader of Family First



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Second Reading Speech

Renewable Energy (Electricity) Amendment Bill 2009

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Family First support renewable energy because we believe renewable energy will be an important component of the future energy mix.

However, Family First make a clear distinction between our support for renewable energy and our views on an emissions trading scheme.

I also have to note that, while the renewable energy target has been on the agenda for a while, the report into the renewable energy targets was tabled only last week in the Senate, and to simply ram through the legislation - the *Renewable Energy (Electricity) Amendment Bill 2009* and a related bill - today is stupid, especially with major amendments still coming forward.

From Family First's perspective, the driving reasons for renewable energy targets and an emissions trading scheme are totally different, and it is a fact which the Rudd government has arrogantly overlooked.

The government's ETS is based on reducing carbon dioxide emissions and is driven by the assumption that increasing carbon dioxide emissions are the leading cause of global warming. But the Rudd government has failed to provide credible evidence that Australia needs to reduce its carbon dioxide emissions, therefore the renewable energy targets need to be driven by a completely different rationale and can no longer be driven solely by the need to reduce carbon dioxide emissions.

The only credible reason to support investment in renewable energy is that renewable energy will be an important component of the future energy mix.

Some countries, like Germany, have already invested big dollars in their renewable energy sectors and produced new technology.

What role can and should Australia play in developing renewable energy technology? Which technologies are worthy of investment and why?

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By mandating renewable energy targets, we artificially create a viable renewable energy market. But, I stress, it is artificial, because the renewable energy sources for generating electricity are not financially viable on their own.

In Australia we already generate electricity at a very low cost by using coal as the energy source. For example, coal-fired electricity is manufactured today at about \$30 per megawatt hour, but solar and wind renewable energy cost upward of \$60 and \$70 a megawatt hour.

As you can see, the cost of electricity would go up by 100 to 200 per cent if you wanted to use only renewable energy sources to generate electricity. That is double the cost.

If you asked Australian families, ‘Do you want renewable energy?’ most families of course would say yes.

But if you asked Australian families, ‘Would you pay 100 per cent more, in some cases 200 per cent more, on your power bill to have 100 per cent renewable energy?’ most families would say, ‘No, we can’t afford it.’

Can you imagine how much the cost of food and goods and services would go up if electricity prices went up by 100 and 200 per cent?

So, before rushing ahead and locking ourselves into high renewable energy targets, it is important to also consider the consequences they will have on Australian families, businesses and our economy. Too often, the impact on families is simply overlooked or ignored and lost in the argy-bargy of political point-scoring between the two big political players.

While the Rudd government has been quick to talk up the benefits of artificially propping up a renewable energy market, little has been said about the flow-on effect of increased costs, which will ultimately be borne by ordinary Australian families—mums and dads and the next generation of kids.

We have already been told that electricity prices in this country will escalate. According to modelling performed by Access Economics, the proposed renewable energy target will cause average energy costs to rise by \$12 a megawatt hour by 2020. I think that is conservative. This means power bills will skyrocket. This is hardly a small amount; it cannot be discounted and not really focused on. These are costs that will affect all Australian families and will particularly hurt those already feeling the pinch of the downturn caused by the global financial crisis.

Yet the Greens are arguing for bigger renewable energy targets. They obviously do not care about the impact on Australian families and worry even less about wrecking our economy, all for the sake of pursuing their extreme, green agenda.

Let us be real: it is not the Greens that will look after families; it is not the Greens that will look after our economy—and thank goodness for that.

So who will foot the bill for higher renewable energy targets? It is the mums and dads and their kids.

So remember: the higher the renewable energy target is, the higher the price of power bills will be—fact.

And what about businesses that will need to pass on the cost impacts of higher electricity prices? This will flow on to food and other goods and services. Guess who pays again? That is right: Australian families—not the Rudd government.

We currently have a renewable energy target of around four per cent, and the Rudd government wants to lift that to 20 per cent. Given that electricity generated by renewables is about 100 to 200 per cent more expensive than coal-generated electricity, Australian families are going to foot the bill for subsidising the new renewable energy market.

But why should mums and dads foot this very expensive bill and, effectively, pay a subsidy to private companies as they embark on risky renewable energy schemes?

Mums and dads, not the Rudd government, are basically bearing all the investment risk in their family budgets, yet if there are any profits down the track mums and dads will get no benefit. It is the private investors who will make a killing. Why should mums and dads bear the risk? There is no accountability and it is a huge gamble.

Why should the government put all the risk onto mums and dads, especially given that mums and dads will foot the expensive bills in propping up these private companies for years and not stand a chance of reaping any of the benefits or profits?

This is an important issue which the Rudd government has simply failed to address. I am really concerned that the winners from these big renewable energy targets will be the bankers and that the losers will be mums and dads who will be left to foot the bill.

One of Australia's significant competitive advantages is our low-cost and secure electricity supply. We have enormous reserves of coal, which have helped us to build a strong and secure economy based on having low-cost electricity generation. This is a huge competitive advantage for Australia and we must be careful not to lose that in any transition.

Setting higher targets has the potential to put Australia's economy at risk. I am concerned that the government's renewable energy target bill poses a significant risk to Australia's economy and a big threat to our trade-exposed businesses, particularly those in energy-intensive industries such as aluminium.

Whilst the bill mandates that special assistance be granted to energy-intensive industries, in many cases this will still leave many businesses exposed and at risk. The last thing we want is fewer jobs or less growth in jobs, especially given that Australian families are footing the bill.

I would like to rebalance the risk and take it away from mums and dads and put it back onto the Rudd government, which is where it should be.

Why should mums and dads foot the bill when they have no control over how the money is invested?

Maybe another model should be developed where the government foots the bill and bears the risk. The government would then be held to account and would have enough clout to hold the new sector to account.

If mums and dads are to be forced to pay substantially higher energy prices, maybe they should benefit directly from any profits. When the government of the day wants to develop a new industry that is a high risk and that will cost big bucks, the government or private business should bear the risk and not call on mums and dads to bear the risk. This point really has not been covered.

I would like to see the opposition show some backbone and some ticker and ensure that the legislation is either fixed or opposed.

But guess what? The opposition has gone missing in action.

Australia is in a very dangerous position at the moment in federal politics. Between now and the next election we will see bad policy pass through federal parliament because the Rudd government knows the opposition will roll over at the threat of an early, double-dissolution election.

Come on Coalition, come on! Show some backbone, show some ticker and stand up for what is right. The opposition is in danger and can no longer be called 'Turnbull's party'; it can be called the 'Turncoats party'.