

NATIONAL GREENHOUSE GAS EMISSIONS TRADING SCHEME

**467. Mr A.P. O'GORMAN to the Premier:**

I take the opportunity to acknowledge in the public gallery this afternoon students from Lake Joondalup Baptist College. Will the Premier please advise the house of the state government's position on the proposed national greenhouse gas emissions trading scheme?

**Mr A.J. CARPENTER replied:**

I thank the member for Joondalup for the question. Today a very interesting document was released. It is the work of the National Emissions Trading Taskforce, which was the result of cooperation from all states and territories. There has been no instructive engagement by the federal government in this development, which is a critical weakness in the prospect of such a scheme being viable. The discussion paper, nevertheless, is an important contribution in addressing the issues of greenhouse gas emissions, climate change and the various policy settings that might be of use in that regard. It came to a point of discussion at the recent Council of Australian Governments meeting between the Premiers and territory leaders. I made the point at that stage that Western Australia would not sign off on any policy or commitment that would disadvantage the state. That is basically our position on this proposed trading scheme. If it is regarded as disadvantaging Western Australia, we will not be a part of it. I believe there is at least one other state that has the same view. There needs to be more work done on the possible impacts of electricity pricing in Western Australia, bearing in mind that we have a significantly different energy profile from that of other states. I would want an assurance that any trading scheme would not negatively affect the state's capacity to rely on energy sources such as coal, which plays a very important role in our economy, and there must be a reasonable level of acceptance of the national emissions trading scheme modelled by Western Australian industry. I have not seen that level of support indicated so far.

It is often asserted that Western Australia has the highest energy consumption to greenhouse emission per capita of all the states. The point that is often overlooked is that it is because we have a very energy-intensive resource industry. We do have high energy use on a per capita basis. However, we are exporting very low carbon emission fuels - gas - to the rest of the world. We are obviously providing a very great and significant benefit to the net greenhouse gas emission profile on a worldwide basis through provision of our clean energy gas to places such as China, Japan and South Korea. That is our position on that suggested emissions trading scheme, which is an initiative led really by New South Wales.

In relation to this question, it was interesting today to read that the proposed gas pipeline from Papua New Guinea to Australia has struck some further turbulence, shall we say. The joint venture proponents - the Australian Gas Light Company, AGL, and Petronas - have in their statements today cast great doubt over that pipeline's future, announcing that they will scale back their front-end engineering design activities. This leaves open the question: what about the gas from Western Australia? We have said across the political spectrum in this state that instead of pursuing a gas pipeline from Papua New Guinea, with all the potential difficulties of not only cost but also all the issues associated with sovereign risk and so on, why not look at a pipeline from our gas fields to the east?

Today's development should cast the commonwealth government's and other eyes on that proposal. It sits there waiting to be explored. We have in this state a strong domestic gas reservation policy. Not only does it involve domestic gas that is confined in prospective terms to this state but also it should be able to fuel much of the Australian economy as well. It is worth noting that in that regard the Prime Minister has said when promoting his liquefied petroleum gas conversion subsidy that Australia has abundant gas supplies.

In its report on fuel and other issues, the Australian Bureau of Agricultural and Resource Economics pointed out that beginning from the early to mid-2010s, natural gas demand in eastern Australia is expected to exceed local supply in eastern Australia. In other words, while demand for natural gas on the eastern path of our economy is growing, supply is not; in fact, the reserves are in depletion. The report indicated that the demand gap in gas is projected to rise to about 40 per cent of the eastern Australian gas market by 2029-30. There is a great opportunity for us to take on this project as a national strategic energy policy. I urge the federal government and other jurisdictions, as well as potential investors, to take this prospect seriously.