

**ELECTRICITY INDUSTRY (WESTERN AUSTRALIAN RENEWABLE ENERGY TARGETS)
AMENDMENT BILL 2005**

Second Reading

Resumed from 1 December 2005.

HON KIM CHANCE (Agricultural - Leader of the House) [10.09 am]: In my view this is an auspicious occasion. It is a resounding vote of confidence in the house and the processes we have been through with respect to the consideration that led to the construction of our existing sessional orders. It does now provide a formal and proper opportunity for private members to raise legislation that is of great importance to them. I take this opportunity to acknowledge on the government's behalf the rigour and discipline by which the Greens (WA) party, and Hon Paul Llewellyn in particular, have taken to approaching this critical issue, which goes to the very survival of our planet in the future. The matters that are before us will run their course in the proper democratic system. Some of us will support the bill; some of us will not support the bill. Whatever is our position on the bill, this debate will be taken a long way further as a result of the approach that the Greens and Hon Paul Llewellyn have taken to this debate. Although the government is not technically supporting the bill, we have already said privately to Hon Paul Llewellyn that there is much in this bill that we believe will take the issue further and that we will be taking very close notice of.

The introduction of the private member's bill, without restating the second reading speech, essentially requires electricity retailers to source increasing amounts of their electricity purchases from renewable sources. The bill proposes that the requirement be established through an amendment to the Electricity Industry Act 2004 as a retail licence condition, administered and enforced by the Economic Regulation Authority as a part of its licensing role. The target is calculated on the basis of how much electricity is purchased by retailers who are licensed to sell electricity on the south west interconnected system, irrespective of size over a year multiplied by the relevant target that is applicable for that year. The renewable energy target, as outlined in the bill, appears to rely on negotiations between individual retailers and generation proponents to stimulate investment in the sector. This is in contrast to the commonwealth's mandatory renewable energy target, the MRET scheme, which confers a marketable right on renewable generators through the creation of renewable energy certificates. There is therefore a clear difference between the proposal in this bill and the practice in commonwealth law. That is not to say that the government prefers one approach particularly over the other, although the government has a very strong inclination towards the standardisation of national schemes of arrangement in this regard.

The claim that is essentially made is that the scheme will reduce expected greenhouse gas emissions by around 40 million tonnes by the year 2020. We believe that the coefficient that seems to have been used to calculate the greenhouse gas reduction - that is, 1.255 kilograms of CO₂ per kilowatt hour - overestimates to a degree the likely achievable level of reduction. The coefficient level that has been chosen is higher than the emissions intensity of the most greenhouse intensive generators on the south west interconnected system, and they are Muja A and B, which are at 1.08 kilograms of CO₂ per kilowatt hour; and coefficients calculated by the Sustainable Energy Development Office and published by Western Power. To the extent that the scheme displaces gas-fired projects, as might be expected, the savings will be in the order of half those ascribed in the information that accompanies Hon Paul Llewellyn's proposal.

Hon Paul Llewellyn's prediction that the Western Australian renewable energy target could reduce the potential costs of compliance with a future mandatory emissions control program by approximately \$1.2 billion by 2020 is based on the aforementioned abatement figure of 40 million tonnes of CO₂ with a value of \$30 per tonne. The carbon value of \$30 per tonne of CO₂ was the cost of certificates in the European Union emissions trading spot market. However, some issues with the allocation of certificates have become apparent and thus this market may not provide an accurate representation of the core value-market carbon. Comparisons with other sources indicate that the cost of carbon is unclear. For example, it is understood that the current value of certificates in the New South Wales greenhouse gas abatement scheme is in the order of \$11 plus GST per tonne of CO₂. Use of that figure reduces the potential cost of carbon savings to around \$484 million by 2020. The actual savings from emission reductions is likely to be, realistically, somewhere between those two figures. The indicative modelling estimates that the predicted scheme costs will be in the order of \$1.47 billion by 2020 through higher electricity prices, taking into account the extra generation required for the six per cent target, and that will result in an increase in the overall cost of generation of around \$5 per megawatt hour, or 14 per cent, compared with current prices. This does not include the cost of network upgrades to accommodate the level of renewable energy mandated.

It is important that honourable members have a clear understanding of these facts, even though the facts themselves might be debatable. We are not being absolute in identifying these costs, but we think there are parameters that we must be aware of not to make a judgment on whether this is a good thing or a bad thing to do; this information is simply so that we know what the opportunity cost is of the proposal in this bill.

Those figures are based on the types of renewable energy projects that have been identified in Western Australia and their anticipated costs of generation relative to the cost of conventional generation sources. Currently renewable energy generation is more expensive than generation from conventional sources such as coal and gas, and thus a renewable energy target will impose some economic costs. It is important that we know what those costs are. If the target is set at a level that requires the development of more marginal renewable energy projects at the cost to meet, the cost of meeting the target will increase. The establishment of a renewable energy target should be backed by sound electricity market and economic modelling.

Under the bill, electricity retailers would need to source six per cent of their energy from renewable sources by 2008. Post 2008 the target will increase at slightly higher than one per cent per annum to a total of 20 per cent by 2020 and for subsequent years. This equates to an annual requirement of 876 gigawatt hours in 2008-09, rising to 4 414 gigawatt hours by 2020. The scheme proposed in the bill sets no expiry date for generators' participation. The Tambling review of the commonwealth mandatory renewable energy target found that renewable energy generators required around 15 years to earn a return on their investment. The review recommended that generators in an expanded commonwealth scheme be allowed to create renewable energy certificates for only a 15-year period. SEDO has not been able to identify sufficient potential projects to meet the target in 2020 from the generation that is produced in that year. However, if the banking of generation were allowed, it is possible that the suite of potential projects that is identified by the Office of Energy would be sufficient to meet the target. Under the banking provisions, projects could carry forward generation that is above target in previous years to meet targets in subsequent years. I note that this kind of banking is permitted in the mandatory renewable energy target scheme. All the identified projects will have to proceed before 2010 for enough generation to be banked to meet the 2020 target. Hon Paul Llewellyn's proposal does not mention those banking provisions, but that does not mean that is not something that could be adapted.

I refer to network implications. A paper by the Greens (WA) on the proposed bill does not include the costs required to upgrade the south west interconnected system to accommodate the 1 000 megawatts of renewable energy capacity that would be needed to meet the target. That is a very significant proportion of this generation, which would be expected to be intermittent with the associated network issues. The intermittent nature of solar and wind, in particular, creates other costs in overcoming the intermittent factor.

Reference is made in the Greens' paper to the \$2.3 billion that is expected to be spent on network upgrades over the next four years. The paper states that this work should be designed to accommodate renewable energy projects. The purpose of the planned upgrades is to increase the quality and reliability of supply, particularly in regional areas where we have been challenged by both quality and reliability issues. This planned investment may be different in nature from that which is required to support a greater penetration of renewable energy on the SWIS. The cost of upgrading the network to accommodate greater penetration of renewable energy is likely to be significant, but certainly this is a matter that could, at least, be partially resolved by good targeting of the placement of the investment of the renewable energy generator. It is something that needs a lot of work. These are whole-of-network assumptions and I doubt that is the way to proceed through it. We need to be very careful about identifying the most appropriate locations for renewable energy generators. That would overcome some of the issues that I have raised. By supporting the connection of renewable energy generators, there is a risk of diverting network expenditure from improving reliability and quality of supply. If that were the case, a situation would emerge in which the network expenditure is not incurred on the basis of need, but rather on the basis of accommodating the mandate we have created for ourselves.

Hon Paul Llewellyn proposes in the bill that the scheme would be enforced by the Economic Regulation Authority. The government would then not have a role in the arrangements proposed by the bill other than a requirement to review the operation of the target by 2010 and to table a report of that review in Parliament. A model like that will severely limit the government's ability to effectively manage renewable energy policy in this state. The proposed legislation could have an impact on the electricity market structure and the cost structure of the market participants, including significant additional network costs. However, it does not provide any guidance to the authority on how it should manage the achievement of what are multiple and conflicting objectives given other roles in the energy sector, such as that arising from the Electricity Networks Access Code 2004. If that were the case, it is possible that the achievement of broader energy industry policy objectives may also be compromised.

Existing retailers and generators are likely to be somewhat wary of the target proposal, particularly on how existing generation and sale contracts could be affected by the targets. Industry is likely to express concern that it may not be able to pass through cost increases under the existing contracts if there are changes of more provisions; in other words, a mandate to this effect.

The proposed bill does appear to be within the scope of the Electricity Industry Act 2004. Although the proposal involves the imposition of a new penalty, it does not raise any appropriation issues. Section 46(1) of the Constitution Acts Amendment Act 1899 prohibits the introduction of appropriation or taxation bills in the

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Legislative Council and expressly states that a bill is not to be taken to appropriate revenue or impose taxation if all it does is to provide the imposition of fines or other pecuniary penalties.

A number of drafting issues associated with the proposed bill need to be mentioned. They include that the targets are fixed under an act of Parliament, which is inflexible, and subordinate legislation would be a more appropriate means of designating those targets. I can understand why Hon Paul Llewellyn chose this mechanism. He is effectively saying that these are the targets, that we mean them and that the industry will adapt to meet those targets rather than make the legislation adapt to meet its capacity. I understand that, and I needed to mention that.

The Economic Regulation Authority has no discretion to reduce the targets other than for retailers who have an interest in a renewable energy plant being constructed and operated. In itself, that is an inflexible arrangement. There may be circumstances in regional areas of the SWIS that make the renewable energy target inappropriate for small-scale operations; for example, in an area such as Bremer Bay, although that is an area where renewable energy is being used. There are limitations in the use of renewable energy, particularly of an intermittent nature, such as wind, in relatively small energy markets. A number of renewable energy sources are not defined under the bill and that could result in interpretation problems.

The state government has established a target of six per cent of electricity sold to customers on the SWIS coming from renewable energy. The six per cent renewable energy target is expected to increase the amount of renewable energy that is available in the SWIS above what would be expected under the federal government's MRET. The Electricity Industry Act allows the use of licensing provisions to enforce renewable energy targets. This is a mechanism that can be used to implement a Western Australian-specific requirement. We need to consider that a mechanism of that nature is not considered necessary by the government for the six per cent target, but it may be required for a longer term target. Certainly those options exist in the nature and construction of the policy. The Electricity Industry Act allows the use of licensing provisions to enforce those targets. The renewable energy strategy is under development to guide the medium to long-term development of the renewable energy industry. It is important that this strategy include a renewable energy target for 2020 and that a range of options are being considered. It is in this area and in this context that the government has particularly indicated its appreciation of the work that Hon Paul Llewellyn has done in the construction of this bill.

Although the government may not support the bill on this occasion, the government can clearly use issues in the bill when planning that process. The government has already committed to purchase five per cent of its electricity requirements for contestable sites from cost-effective renewable energy sources. A common-user arrangement process, which is under development by the Office of Government Procurement to source electricity for contestable government sites, will be used to implement the renewable energy purchase commitment. This will be implemented through a tender process for two contracts for different periods. A decision on the first interim contract is expected soon and a decision on the second contract is scheduled for April 2007. It is not entirely clear whether the interim process will be successful in securing a common-user arrangement for the purchase of electricity by government agencies. If it is unsuccessful, the government would need to consider other options for implementing the five per cent renewable energy purchase commitment for the interim contract period. The government will certainly continue to examine options to increase the use of renewable energy in its operations.

The bill provides a unique and highly valued opportunity to consider what seriously is one of our greatest threats, but I, in a similar way to Hon Paul Llewellyn, would like to see this as not only as threat but also a significant opportunity for Australia, and indeed the industrialised world, to look towards achieving an outcome in a planned and systemic way that can at least mitigate the serious issues that we are facing. I am sorry that I have not brought the document with me or committed its title to memory, but a document was recently released by WWF, and I met with WWF on the occasion of its release. What struck me about the document and the future of renewable energy and emissions generally - energy was only one component of it - was the optimism in the document. Members who take the opportunity to look at the document, which is also on the WWF web site, will be impressed by the practicality, the simplicity and the optimism with which WWF has presented future solutions to existing issues with greenhouse emissions generally. I know it is not strictly relevant to the bill, because the bill sets out to make a practical change in one part of our emissions issues, but I do recommend that document for general reading on this issue by people who are increasingly concerned about the issues that are facing us.

In conclusion, I welcome the bill and indicate that we very much appreciate the fact that Hon Paul Llewellyn has raised the issue in the way that he has, in that he has brought such rigour and discipline in a field in which he is uniquely qualified. We all recognise that he has lifted the standard of the knowledge in this house on this issue and caused the government to pay much more focused attention to the issues that he has raised.

HON GEORGE CASH (North Metropolitan) [10.34 am]: The Liberal Party sees this bill as very much a statement on the need to protect the environment, which is a matter that the Liberal Party supports strongly. Its strong support is evidenced by the work that the Prime Minister of Australia, John Howard, has done over the past 15 or so years and in more recent years the work that Senator Hon Ian Campbell has done as federal Minister for the Environment and Heritage in areas that I believe have not been the focus of media attention in the manner that they certainly deserve. There is no doubt that protecting the environment is not just a simple issue of planting trees. Certainly, greening the globe is an advance towards protecting the environment, but there are much bigger issues. It interests me to hear the Leader of the House say that the Labor Party does not support this bill, because when we think of the environment in Western Australia and we think of the Labor Party, we are forced to recognise that the Labor government is all about chasing publicity that can be garnered from statements such as “we will save the forests” and its claims to have saved the old-growth forests while it allows the continued cutting of those forests. In my view, protecting the environment is all about recognising that to achieve the results that are required, we must also recognise the significant economic and social costs that need to be incurred and the need to face those costs; in fact, protecting the environment is all about facing facts and recognising that, to do it effectively, we must accept and admit that it is an expensive proposition that requires a shift in our culture and the community to face the necessary economic burden to achieve the desired change.

The bill proposes to amend the Electricity Industry Act 2004 and impose an obligation on the sellers of electricity in the south west interconnected system to ensure that a specific percentage of electricity that is sold is derived from renewable energy sources. We note that in 2001 the current Labor government initiated what became known as the Electricity Reform Task Force in Western Australia. That task force considered many submissions from interested industry groups, commercial groups and the public at large, and made a considerable number of recommendations. One of the ERTF’s recommendations was recommendation 69, which states -

The Government should examine options for the encouragement of sustainable energy outcomes in Western Australia, including:

- placing a requirement on retailers (or large users) licensed in Western Australia to source a certain portion of their electricity requirements from Western Australian based renewable energy sources; or
- placing a greenhouse reduction requirement on retailers licensed in Western Australia.

The bill before the house, which has been introduced by Hon Paul Llewellyn, is clear in its intent. It proposes to impose as a condition of the holding of a retail licence to sell electricity in the SWIS an obligation to acquire and achieve particular target levels of electricity that are generated from renewable resources. In that regard the bill is supportive of the ERTF recommendation. The bill also proposes that by 2020, 20 per cent of electricity sold must be derived from a renewable source. Clause 5 of the bill makes clear the percentages of renewable energy relative to a particular year. I notice that Hon Paul Llewellyn has not said that we must achieve the 20 per cent target overnight but that it is stepped in increments from six per cent in 2008 through to 20 per cent in 2020 and subsequent years. I also note that the clause applies to the year commencing 1 January 2008 and to all subsequent years. I just want for the record to have recorded the increments that Hon Paul Llewellyn suggests, so that it is clear this is not something that cannot be achieved if we set our minds to it.

The renewable electricity percentages for each year are set out in clause 5 of the bill: at 2008, six per cent; 2009, 7.2 per cent; 2010, 8.3 per cent; 2011, 9.5 per cent; 2012, 10.7 per cent; 2013, 11.8 per cent; 2014, 13 per cent; 2015, 14.2 per cent; 2016, 15.3 per cent; 2017, 16.5 per cent; 2018, 17.7 per cent; 2019, 18.8 per cent; and 2020, 20 per cent. It is very clear that it will not happen overnight and it is stepped in particular increments.

Clause 5 of the bill also contains a statement on the meaning of renewable energy. The meaning is very broad. Proposed section 14D of the Electricity Industry Act 2004 states -

In sections 14A to 14C “**electricity from renewable energy sources**” means, . . . electricity generated from the following sources:

- (a) hydro;
- (b) wind;
- (c) solar;
- (d) bagasse co-generation;
- (e) black liquor;
- (f) wood waste;
- (g) energy crops;

- (h) crop waste;
- (i) food and agricultural waste;
- (j) landfill gas;
- (k) municipal solid waste combustion;
- (l) sewage gas;
- (m) geothermal-aquifer;
- (n) tidal;
- (o) wave;
- (p) ocean;
- (q) photovoltaic and photovoltaic Renewable Stand Alone Power Supply systems;
- (r) wind and wind hybrid Renewable Stand Alone Power Supply systems;
- (s) micro hydro Renewable Stand Alone Power Supply systems;
- (t) solar hot water;
- (u) co-firing;
- (v) fuel cells;
- (w) hot dry rocks; and
- (x) such other sources as may be prescribed.

The final source ensures that we capture the field and that nothing has been left out, because from time to time there are new inventions and new suggestions that come along that might not fit directly into the proposed meaning of renewable energy. Therefore, the bill provides that other sources as may be appropriate at the particular time can be prescribed by regulation.

One of the ideas is that the government should not be deeply involved in this system. This bill is all about a cultural change. It says to industry and the community that there is a better way of protecting the environment. I do not claim that this bill is perfect in every form. Its present form may require amendments. Therefore, it would be proper for the Ministers for Energy and the Environment and the shadow ministers, who all reside in the Legislative Assembly, to consider amendments that they believe are appropriate to this bill so that it passes. I qualify that by saying that the Legislative Council has some constitutional constraints that preclude its members from moving some necessary amendments; however, such amendments can and certainly should be moved in the Legislative Assembly.

Clause 6 of the bill is clear, and provides that a shortfall charge of \$40 per megawatt hour would apply if the specific targets were not achieved. I note that this is the same penalty shortfall charge that is provided for in the federal Liberal government's MRET legislation. There is nothing new in the penalty or the shortfall charge; it is in common with the MRET charge. In some other countries, the penalty shortfall charges are significantly greater.

The question might be asked whether we, in fact, need the bill. I have already expressed a view on the need to change our culture of protecting the environment. This bill is a step in the right direction. I regard it as one option and part of the solution to the end result; however, it is certainly a step in the right direction. It is one of the elements of an important suite of changes that we will have to face up to if we are dinkum about protecting the environment. We are not protecting the environment for ourselves today; we are dealing with the environment with which our children and grandchildren, and those children who are yet to be born, will be faced. I noted some statistics relating to usage by state government agencies and other statutory authorities in a document that was produced by the Office of Energy called "Electricity Reform - A New Deal for Sustainable Energy". This document suggests that each year the state government and state government agencies generate 448 000 tonnes of greenhouse gases, consume about 615 gigawatt hours of energy, and spend well over \$60 million on power bills. Additionally, that same report indicates that commercial buildings are responsible for almost 15 per cent of Australia's greenhouse emissions. It notes that if each household reduced its energy usage by just one per cent, we could save \$4.5 million in energy bills and 45 000 tonnes of greenhouse gas emissions. That is part of the story; however, when we are talking about emissions, the major variable in the equation is, of course, those emissions resulting from industrial processes that are pumped into the atmosphere.

The question is: what can we do about the problem? Alternatively, the question might be: what are the solutions and how are we going to implement them without creating greater economic and social problems? I pointed out earlier that if we are dinkum about protecting the environment, we must recognise that it comes at an economic cost. If we do nothing to protect the environment, that same significant economic cost will continue to exist, but

in a negative way, and significant social costs will flow from that. One of the options is to use renewable energy to reduce the polluting emissions that are destroying our environment and the future of our children, their children, and as I indicated earlier, the children yet to be born. From Western Australia's perspective there is some good news. Although Western Australia has only 10 per cent of the national population, it already contributes nearly 20 per cent of the nation's total renewable energy industry sales, and I am advised that the growth rate in sales has averaged nearly 30 per cent over the past three years. That is certainly a plus; a positive in that direction. The industry in Western Australia has turned sustainable energy into a very profitable business with local exports of sustainable energy technology worth about \$100 million, placing us third behind Victoria and New South Wales as an exporter of this important technology. I noted from that same publication that the local sustainable energy industry is worth between \$1.2 million and \$1.6 billion annually. It directly employs about 2 800 people and generates up to 9 900 jobs in the wider community as a result of the multiplier effect. Therefore, there is an argument that sustainable energy - the use of renewable energy - is actually big business for the state and the community, and is, or can be, a very significant economic indicator in its own right. If we were to increase the use of renewable energy in Western Australia, we would increase job opportunities, and at the same time, protect our environment.

I refer to the need for renewable energy globally and in Australia, particularly in Western Australia. It is fairly self-evident that current concentrations of greenhouse gases are higher today than in any period in the past 650 000 years. The bad news is that the situation is getting worse. I had the opportunity of reading a report titled "The Victorian Renewable Energy Target: An Analysis of Its Impacts and Rationale" issued by the Australian Business Council for Sustainable Energy. I noted that within the report there were statements to the effect that, based on projections and analysis published by respected institutions including the Commonwealth Scientific and Industrial Research Organisation, the US National Academy of Sciences and the Intergovernmental Panel on Climate Change, continued emissions of greenhouse gases are likely to drive rapid increases in global temperature with drastic consequences such as more infrequent but more severe rainfall, which would exacerbate droughts and floods. As a result of an increase in global temperature, there will be more powerful and damaging storms, a spread of tropical diseases, more severe bushfires and more severe heatwaves. The bottom line is that sea levels will increase, and there will be a greater risk of storm surges. We know that our Pacific neighbours are already faced with significant problems in that respect. The records show that already some of the dramatic changes are happening in Australia. The year 2005 was the hottest on record, according to the Australian Bureau of Meteorology. Notwithstanding that fact, it is interesting that the World Health Organisation estimates that global warming is already leading to 150 000 additional deaths and five million additional illnesses every year. It expects the number of additional deaths and illnesses to double within 30 years. That is an interesting and frightening statistic. That is telling us that we must do something. We cannot just plant a few more trees and think that everything will be all right. We have to make a significant statement by making a significant cultural change within the community. By "community" I mean industry, commerce and the population generally - consumers.

We should examine legislation from around the world to try to ascertain what the response has been to climatic problems in other countries. It is interesting to firstly recognise that Australia currently produces only 1.5 per cent of world greenhouse gas emissions. Because it is a relatively small percentage, it is used as an excuse to do nothing. I note that Victoria has the highest greenhouse gas emissions for every unit of electricity in the world. Australia as a whole has the second-highest level of emissions. We are entitled to ask the question: what are we doing wrong? Denmark has achieved some dramatic changes as a result of its legislation. In 1990 renewables in Denmark supplied only 3.2 per cent of electricity generation. Renewables now supply more than 17 per cent, which is a significant increase. Bioenergy supplies more than 30 per cent of Finland's electricity. When I was reading an article the other day I also noted other statistics about targets generally. I remind members that Hon Paul Llewellyn's bill suggests a target of 20 per cent by 2020. That is a long time into the future. Austria has a target of 78 per cent by 2010. The European Union - all 25 member nations - has a target of 21 per cent by 2010. We all know how industrialised California is. If members have been to California, they will know the state of the electricity market and the visual pollution caused by wires. California has a target of 20 per cent by 2017. Texas has a target of 2 280 megawatts by 2009. That is only three years down the track. Nevada has a target of 15 per cent by 2013. China is the world's worst polluter. It has set itself a target of 15 per cent by 2020. When we consider the significant change that will have to happen in China to achieve that, I would argue that China is more dinkum about this than Australia. We live in the lucky country in which the environment is relatively clean. The sun comes up every day and there is generally a blue sky. That is not the case in some European cities. If members have been to Beijing, they will know that there is no blue sky to be seen in that city - at least there was not when I was there some years ago - which is due to the burning of coal. I accept and admit that there have since been significant changes in China. China recognises that there must be change otherwise we shall all suffer. Denmark's target is 29 per cent by 2010. As I said earlier, our target is 20 per cent by 2020. The target is 45.6 per cent in Portugal by 2010; in Spain it is 29.4 per cent by 2010; and in Sweden it is 60 per

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cent by 2010. I mention those statistics by way of example to show that other countries around the world are doing something about the problem. There is an opportunity for Western Australia to join the race, so to speak. We need to be part of the race to protect our environment.

We accept and acknowledge that China is not a signatory to the Kyoto Protocol. For the sake of Labor members - so that they do not get excited - I should say that Australia is also not a signatory to the Kyoto Protocol, but it is a signatory to preliminary agreements which, after discussion, eventuated in the Kyoto Protocol.

Hon Kim Chance: I believe that Australia is a signatory but it has not ratified the agreement.

Hon GEORGE CASH: Yes, Australia has signed a lot of earlier agreements and those agreements have led, in the end, to the Kyoto Protocol. We might not have ratified those agreements. There are those in Australia who urge the federal government to ratify the protocol. However, if we look at the record of the Howard government, we will see that we are well on the way to achieving the objectives that were set up in the protocol anyway. That is the good news. The United States is not in the same class when it comes to that.

I am not in the business of knocking people and I want to use this opportunity to try to persuade members to support the need to protect the environment. I have already said that this is not a perfect bill. The Leader of the House has already congratulated Hon Paul Llewellyn for bringing in the bill. I congratulate him for bringing in the bill, and I remember speaking to him about 18 months ago. I asked him what were his aspirations while he was a member of the house. He said that he wanted to be part of change. He said that he had become a member to make change and not just talk about it. I told him that I have been a member for some time and I have noticed that some members do nothing but talk for the duration of the time they are members and that they are not party to change. He asked what he should do. Hon Paul Llewellyn can agree or not agree with what I am saying but it is a statement of fact as it happened 18 months ago. I told him that he must introduce a bill, because although people might be interested in what he says, they will not get dinkum until he introduces a bill and makes them vote on the issue.

The reason that I did not stand, Mr President, when you called on the second reading of the bill, is that I was aware that the Labor government wanted to know where the Liberal Party stood. It made the assumption, as it does on so many issues, that the Liberal Party must be opposed to protecting the environment because it had read it somewhere - probably in Labor propaganda. It had not read the Prime Minister's web page and it had not listened to the statements of the federal Minister for the Environment and Heritage, Senator Ian Campbell, or recognised the great things that he is doing. The Labor Party tells the people that it is the party for the working class, but it also tells the people that the Liberal Party is opposed to protecting the environment. What absolute hogwash! That was no better demonstrated today than when the Leader of the House was forced to stand first and declare the government's position: the government thinks that it is a good bill, that Hon Paul Llewellyn has done a service to the state in bringing the bill forward and that it has some very positive aspects. I do not want to paraphrase the Leader of the House much more because I do not have a copy of his speech, but they were the issues that I garnered from his statements, and I see him nodding to me in general agreement. The bottom line is that, having laid out all those platitudes to Hon Paul Llewellyn, he said that the government would not support the bill. He did not say that the government will support the bill because it believes that it is the foundation of a very significant change, but that it needs some amendment, although the leader talked about the need to amend the bill and recognised that some elements that are not currently considered in the bill are required for the change to be made. He talked about the bill generally needing amendment, but he said that the government could not support the bill. That was a great disappointment, because I see this bill as a great opportunity. I want this bill to go to the lower house and I want government members in the lower house to consider this bill and tell us why they will or will not support it or the amendments that will be required to make it more workable, if they are required. I acknowledge that amendments are required, but I also want the government to have an opportunity to say that it does not necessarily like the bill in its present form, but that before Christmas it will introduce its own bill. If we hark back to the comments Hon Paul Llewellyn made about 18 months ago when he was first elected to this place, we will remember that he said that he wanted to make change. He did not say that he wanted to make change in his own name with his own bill as such, and I am sure that he would forgo having his name on a bill if it meant that the government would introduce a bill that sought to achieve basically the same objective. That is the challenge for the government. I trust that members will have an opportunity to vote on the bill at some stage. However, whether or not we vote, the Labor Party has stated its position; it does not support the bill. The government will tell the people that it supports the protection of the environment and it will tell the people that it has saved the native forests, even though the people in the south west know that that is not the case, but when push comes to shove, when the acid is put on, the government is found to be wanting.

Somewhere among my papers I have a statement by the federal Labor spokesman on the environment, Anthony Albanese, and I wanted to tell the state Labor Party what the federal Labor Party wants to do. However, as that document has surreptitiously disappeared -

Several members interjected.

Hon GEORGE CASH: The arguments put forward in the *Labor eHerald* by Anthony Albanese -

Hon Kate Doust: It's good to see that you subscribe to it.

Hon GEORGE CASH: No, I do not subscribe to it. However, I read as much as I can about Labor policy. I have read about the policy of the Greens (WA) and members will recall my comments on the Greens' economic policy in the past.

Hon Paul Llewellyn: In the past.

Hon GEORGE CASH: Yes, in the past. If the member is telling me that it has changed, I will change my position. I just hope that they have seen the light. However, today is about the environment.

I have said that China is not a signatory to the Kyoto Protocol, but even China has a mandatory renewable energy target of 15 per cent. Interestingly, China's emissions are increasing in proportion to the massive growth in its economy at the moment. Its emissions are increasing every nine or 10 months at a rate equivalent to Australia's entire rate of emissions. That is significant, but China has recognised that there is a need to change and it now has a mandatory target in place so that it can do something about it. In fact, only this month, the federal Minister for the Environment and Heritage, Senator Ian Campbell, was in China, where he launched a renewable energy guide for Australian companies doing business in China. I say again that the record of Ian Campbell and John Howard on the environment should be acknowledged and admired. Both of them would admit that more can be done, but the untold story is what they are doing today, and I find that disappointing. Members will be aware that the European Union has a long-established emissions trading scheme that values one tonne of carbon dioxide at more than \$A30.

Hon Paul Llewellyn: It valued it at \$10 a tonne.

Hon GEORGE CASH: I am not here to argue; I am here to put some facts on the table in a restrained manner so that the Labor Party can recognise that the Liberal Party is prepared -

Hon Sue Ellery interjected.

Hon GEORGE CASH: No, I do not think we are the goodies and members opposite are the baddies. I think Australia is bigger than just goodies and baddies. I think Australia is all about future generations. We have already contributed to today's environment; we have done our bit of the damage. What we must do is think about the future. I am certainly old enough and ugly enough to do that.

There is increasing pressure on the United States to impose its own greenhouse gas emissions trading scheme. I note with interest that Japan and Canada have implemented their own requirements in that area. I argue that unless Australia cuts itself off from the world economy, it cannot continue to make investment and policy decisions that ignore the cost of greenhouse gas emissions into the atmosphere. When I talk about Australia, clearly I am referring to Western Australia in particular. Only a few years ago the Labor government decided that it needed to support the Collie coal industry and agreed to commission a new plant at Collie. These things occur when the government gets locked in and it has no escape if it has not preplanned something. If we do nothing now about renewable energy, nothing will happen, and that is why we need legislative change.

On Australia's response, I said earlier that the Howard government should be congratulated for the things it has done in its terms in government. I return to 1997, when Mr Howard spoke about the need for mandatory renewable energy targets in Australia. Lots of people did not want to know about it at that stage of the game. They thought it was all too hard. They did not think it was necessary. They thought it was an additional obligation and an imposition on industry. The fact is that the Howard government brought in the legislation and, prior to bringing in that legislation, did extensive economic modelling to ensure the cost effectiveness of it and that real benefits would flow to the economy that go beyond just the mere achievement of the reduction in greenhouse gas emissions. Since the introduction of MRETs at a federal level in Australia, a number of countries have identified that as a model to promote in their own countries for the use of renewable energy through a market-based system. The MRETs operation, as members will know, has existed since April 2001. It is estimated that the renewable energy investment that has been stimulated in Australia as a result of the MRETs legislation now amounts to about \$3 billion. I recall Hon Paul Llewellyn suggesting to us the other day that there is in fact economic benefit in our considering greater use of renewable energy, and we recognise that. The Leader of the House has indicated that MRETs legislation has a target; the target will be met because it is part of the law, but there is an argument to say the target amount is too low.

Hon Paul Llewellyn: Far too low.

Hon GEORGE CASH: The good thing is we both agree it is too low, but just in different degrees.

Hon Kim Chance: I think we all agree.

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Hon GEORGE CASH: The recent Tambling report, to which the Leader of the House referred, looked at the progress of MRETS in Australia over the past five or so years. That report made some recommendations. It said the target should remain at 9 500 gigawatt hours until 2020. I think there is an opportunity for the government in due course to reconsider its position and perhaps increase that target amount so that we see some changes. I note that even this year there are amendments to that act to provide greater clarity about what is an eligible renewable energy source, what is an accredited power station and what is a relevant acquisition of electricity. The argument was put that some confusion existed in industry and some people were not applying themselves to the question of renewable energy based on this apparent misunderstanding. We hope that that has changed and we will see greater use of renewable resources.

Hon Kim Chance: In real terms the targets have been lowered.

Hon GEORGE CASH: Obviously they have with the growth we have seen.

Hon Kim Chance: No, by the accreditation of existing hydro rather than new hydro.

Hon GEORGE CASH: Yes. In the submissions that were made to the Tambling committee there was certainly evidence of people wanting to increase the targets. They raised the point that if the mix was changed, so to speak, we would end up with a potential real reduction. That is something we need to work on to improve. I think the federal Liberal government has done remarkably well but I also think it can do a lot more. Senator Hon Ian Campbell, as Minister for the Environment, constantly says, "We are doing this, but I know we can do better." That is what he judges things by - how much better it can be done in the future. Who would knock Senator Hon Ian Campbell for the fact that he is out in the South Pacific trying to save the whales? Ten years ago we would not have got that sort of support. Today people are just waiting for when he goes out next year to do exactly the same - to lobby those countries in the hope that he can stop the commercial exploitation of whales. I think he will succeed because he is a person who, when he has his mind fixed on something, will stick to it.

We have talked about the Australian government and the good job it has done, but we have recognised that more can be done. The one thing that needs to be stated is that federal Labor in opposition is always complaining. It says that the government is not doing enough, or that a Labor government would do it differently. The bottom line is federal Labor is not in government, and the way it is going it is not likely to be in government for a long time. It seems to me that Labor would be much better off if it made some positive suggestions rather than negative suggestions, so that we can progress the targets and other environmental solutions across this great nation.

What have the other states of Australia done? Hon Paul Llewellyn started talking about renewable energy when he first came into this place. It has taken him some time to come forward with this bill and I believe that is as a result of consultation he has had in the community generally but, more than that, it is a matter of great technical input, so to speak, to understand the impact of this bill. Interestingly, the Victorian government has taken up the challenge. It brought in a bill, which is now an act. The South Australian government in June this year put out a bill on renewable energy for public consultation. The consultation was to last for three months. It is now considering the submissions made and the legislation will come into effect relatively shortly. Good luck to both Victoria and South Australia for what they have done. If we look at the industrialisation of Victoria compared with Western Australia - I am referring in particular to the south west interconnected system - we see Victoria faces far greater problems than we do in Western Australia, but it is prepared to step up to the mark and implement policy by way of legislation to make things happen. South Australia, as I have said, has started the process of bringing in the legislation. The bad news is that as much as the Labor government in Western Australia claims to be supporting the environment, its sister Labor states, Victoria and South Australia, have left it for dead. They have already done the work. It has come down to Hon Paul Llewellyn to come into this place with his own bill and say to the Labor Party, "Here, I will give you a helping hand. This is the bill I propose. Why do not you agree with this? I have done a lot of work on it; agree with this and let us keep moving."

I mentioned the positive steps the Labor government in Victoria has taken in respect of renewable energy. Yesterday the federal Treasurer, Peter Costello, and Mr Ian Macfarlane, the Minister for Industry, Tourism and Resources, opened a solar power station in Victoria. If members read today's *The West Australian*, they will see some criticism from Western Australia saying, "What about us? We've got more sunshine than Victoria; why didn't we get it?" There is a good chance the federal government did not think Western Australia was ready for it because it had not demonstrated its credentials. Clearly, given the sunshine and given the opportunities in Western Australia, one would expect that we would be prime targets - that we offered prime opportunities - for such a power station. The federal government has already established a fund that will allow for greater use of low emission technology. It is a \$500 million fund that it is prepared to put towards working out lower emission technology and encouraging that technology. I want to read part of a report in today's *The West Australian*, which is under the banner headline "Victoria wins solar power station deal over sunny WA". It states -

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The nation's most innovative State in renewable energy technology was snubbed by the Howard Government yesterday when Victoria was chosen over WA to locate a \$420 million solar power station - with \$75 million of federal funding - in an attempt to address climate change.

Solar experts, economists and politicians were left asking why the Government overlooked WA when deciding where to build what it is touting as the world's biggest photo-voltaic solar concentrator plant.

With its abundance of sunlight and an undeniable reputation for leadership in solar innovation, WA offers all the right ingredients for renewable energy projects on a grand scale.

However, we dipped out. I suggest that we dipped out because we have not demonstrated in a legislative form that we are prepared to work on the question of renewable energy.

Some compliments can be paid to Western Australia for renewable energy technology. I do not want to take anything away from the state on the work that has been done. I have just finished reading with interest the annual report of the WA government on its greenhouse strategy published in March 2006. It contains some well-deserved projects and is certainly worthy of praise. I regret to say that the report is only words. If we do nothing, the paper on which those words are printed could be used to fire up some power station somewhere, because that is all they will be good for. We have therefore got to be dinkum.

I note that the Victorian government was prepared to pay its share towards this power station, but the article continues -

Environment Minister Ian Campbell said the Victorian projects were just two from the Government's \$500 million low-emissions technology fund and were chosen because the Victorian Government put up \$50 million.

"It would be very much in the interests of those who care about climate change if WA created a low-emissions fund," Senator Campbell said.

"Having said that though, there are more projects still to be announced and WA already has places short-listed in the solar city program."

However, he said that there would be greater opportunities with a renewable energy form.

I need not take any further time of the house. We could talk about this issue for days. Regrettably, we in Western Australia have talked about the issue for years but we have done nothing about it. Now that this bill is before the house, this is a big opportunity for members to state their position by voting on the bill. I have indicated that the Liberal Party is prepared to support the bill, recognising that it is not a perfect bill in its present form. However, I have said that it is important that the bill go to the Legislative Assembly and it is important that the Minister for Energy, the Minister for the Environment, the shadow Minister for Energy and the shadow Minister for the Environment get together and consider the amendments that should make this bill a workable, practical bill that can come into effect and play its part in a suite of options that are available to us to protect the environment.

I conclude by congratulating Hon Paul Llewellyn for taking this step and introducing the bill. He has put on notice the major and minor parties in this house. He now requires them to make a decision, and I am pleased to say on behalf of the Liberal Party that we have stepped up to the mark and are prepared to support his bill.

HON MURRAY CRIDDLE (Agricultural) [11.22 am]: I welcome the opportunity to make some remarks on this bill. When National Party members first began discussing this bill we could see that it had some merit. On top of the discussions we had the other day and the concerns of the community about the impacts of emissions and rainfall loss, I believe there is an appetite among people in the community to continue to move towards meeting the challenge of limiting greenhouse gas emissions.

I recall being part of the start of the project to clear one million acres of land a year. Have we not now gone the full cycle? We have gone right around. I heard in discussion with forecasters on the future that some of that country is now under real threat because of rainfall deficiencies and the like. The National Party, which represents country people, can foresee some real benefits in this bill. I welcome Hon Paul Llewellyn's bill and the opportunity to comment on it. The National Party will be supporting this bill and its passage into the other house. It will be interesting to see how the Minister for Energy, the Minister for the Environment and other members in the other place handle the bill; indeed, whether the government will handle the bill, which I think is the real challenge.

This bill requires a target of 20 per cent of electricity to be generated by renewable energy by 2020. It provides for a cost-efficient electricity supply in the south west interconnected system to reduce greenhouse gas emissions. I was interested in the remarks of the honourable Leader of the House about the need to upgrade the SWIS to accommodate developments in - I take it - regional areas. This bill sits perfectly in the development of

the regions. Solar power, for instance, must be put somewhere, so it needs room; and a wind farm certainly must be put somewhere because of the need for it to spread over a wide area. If the issue is that we must upgrade conductors, poles and so forth to bring power back into Perth, we may as well get Perth to pay for it, as we send all the money and everything else there. However, from discussions I have had with Hon Paul Llewellyn, I understand this bill is not about creating an expensive power system; it is actually quite a reasonable system for managing the cost of power. That was not a great issue in the discussions I had with Hon Paul Llewellyn. Western Australia is developing rapidly and needs power supplies. This bill deals only with the south west interconnected system, but many developments in the south west of the state that are rapidly going ahead will need power. A move in the direction of reducing emissions from the generation of that power is a good move.

Hon Kim Chance: It is fair to say that if it wasn't more expensive, you wouldn't need this bill.

Hon MURRAY CRIDDLE: That is one of the issues that will be played out. Quite often, as the supply of any service builds up and technologies and more efficient ways of providing that service develop, costs reduce over time.

Hon Kim Chance: Certainly.

Hon MURRAY CRIDDLE: Although the minister's remarks might be accurate now, efficiencies will come from opportunities to develop as technologies develop.

Members have talked about the potential for technology to overcome low rainfall in areas of the wheatbelt, which would be valuable in the generation of emission-free power. There are, therefore, two sides to the argument, and although the minister's view may be accurate now, it may change in the longer term.

Electricity retailers in Australia currently operate a commonwealth scheme, the mandatory renewable energy target program, which established a national renewable energy model based on tradable certificates. Historically the main drivers of the renewable energy sector have been financial incentives and the security of long-term investment - that stands in any investment - which have been provided by the federal government's MRET program and the associated renewable energy certificates. Renewable energy certificates are an electronic form of currency initiated by the federal Renewable Energy (Electricity) Act 2000. Each REC is equivalent to one megawatt hour of renewable energy generation available at an agreed measurement point. RECs that have been created and registered in the REC registry can be traded. MRET is fully subscribed and REC prices are too low to drive further investment. The Greens (WA) believe that state-based targets are required if the sector is to grow. I think a lot of people in Western Australia would agree with that.

Since MRET began in Australia in 2001, it has generated more than \$3 billion of investment in renewable energy technologies. In Western Australia that figure is around \$400 million. This bill is really just a state-based form of MRET. The bill amends the Electricity Industry Act 2004 to impose on licensed retailers who operate within the south west interconnected system an obligation to buy a target percentage of their total electricity purchases within the SWIS from renewable sources in the form of a condition attached to retailers' licences. This will take effect from 1 January 2008, as expressed in the bill, and will increase gradually.

This bill aims to provide certainty for investors and add substantial additional capacity to the south west interconnected system while abating the 4.4 million tonnes of greenhouse gas emissions released each year by 2020 by supplying from renewable sources electricity that otherwise would be generated by coal or natural gas. I understand that the state government is spending \$2.3 billion on upgrading the distribution and transmission systems of the network. It will modernise and update the state's electricity system and contribute to the network improvements. The Western Australian renewable energy targets legislation will be regulated by the Economic Regulation Authority, which already operates alongside the federal Office of the Renewable Energy Regulator, the body that oversees the mandatory renewable energy target program.

The final report of the Electricity Reform Task Force included recommendations that the state government consider imposing renewable obligations on retailers. It recognised that specific measures are necessary to facilitate the uptake of renewable energy. WARET will also encourage industry development, regional employment and environmental objectives. In the case of a retailer failing to meet its obligations to buy the target proportion of electricity from renewable sources, the bill imposes a penalty calculated by reference to the amount of megawatt hours by which the licensee falls short of the target. The ERA must take into account, when deciding on a penalty or whether to waive it, whether the target is unable to provide enough electricity to allow a licensee to meet its obligations. To an extent, the licensee's efforts to obtain electricity from renewable sources will be considered. It will be a licence condition that the licensee file the statement detailing the total amount of electricity purchased for a year and the proportion of that electricity attributable to renewable energy sources.

Several clauses of the bill have been referred to by the other speakers. I will refer briefly to the energy from renewable sources and the fact that some of those sources are readily available in regional Western Australia.

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Reference has been made to crop waste, energy crops, landfill, gas and a number of other issues. I have not heard anyone talk about thermal power; that is, the power that can be generated by pumping water into the earth, which will provide heated energy. That is one area that has not been mentioned. The National Party talks about biofuels, and we want to develop that as a source.

We have spoken to a number of people about this bill. Some agree to it and some do not. The Chamber of Minerals and Energy obviously had some difficulty with the bill. I do not agree with some of the arguments it put forward. This bill provides enormous benefits to regional Western Australia, but the Chamber of Minerals and Energy was not inclined to agree with that. A number of other people to whom we talked about the bill were positive. Previous speakers alluded to the fact that on 17 July 2006 the Victorian government announced it would proceed with a legislative renewable energy target, and already there have been benefits from that. The South Australian government's Climate Change and Greenhouse Emissions Reduction Bill 2006 sets a target of 20 per cent by 2015.

My colleague Senator Ron Boswell has advocated a volumetric biofuel obligation scheme similar to MRET, the mechanism by the government compels the major electricity suppliers to purchase a percentage of green electricity to sell to its customers. He has called for MRET to be expanded to include renewable transport fuel. We know that the transport task anywhere in Australia is growing; it is growing in Western Australia by about 10 per cent a year. Senator Boswell's suggestion would be an enforceable mechanism to compel oil majors to purchase an increasing percentage of their fuel supplies from renewable sources. Members will remember that when we were in government, I did a lot of work on hydrogen fuel cells, and that form of energy is now used by buses in Western Australia. I have had the experience of seeing that hydrogen produced from hydropower overseas. It is something that we can look to in the future.

We have had correspondence from Andrew Woodroffe, the technical director of SkyFarming Pty Ltd, which is based in Fremantle, encouraging support for the bill because Western Australia already has the greatest CO₂ emissions per capita in Australia. He says that if we allow the fossil fuel industry to continue to pollute, support for non-polluting technologies will be required. WARET is an easy way to achieve this because it builds on the federal MRET scheme. SkyFarming is considering a wind farm project in Mt Barker, and a recent survey indicated support for it from 83 people, while two were indifferent.

Some issues in the bill concern me; for example, the percentage that may be applicable throughout the years. I am inclined to suggest that a committee be established to look at some of the issues in this bill. I do not want this bill to be held up in this house. The issues that arise can be investigated by a committee. The last time I suggested a committee in this place, it went nowhere. There are real issues in the community, and this is one of them. We can get some benefit from this legislation if we pull together the information that is required to allow it to function well. I am pleased to see this bill in this place and congratulate Hon Paul Llewellyn for bringing forward a bill of this nature. As a state, we are moving in the right direction in combating emissions, but we need to encourage people.

I realise that when the bill goes to the other place, the numbers will not be there to pass it if the government is not willing. From the government's point of view, the bill will lead to some interesting developments. We need to take on the challenge of reducing greenhouse gas emissions. On behalf of the National Party, I will support the passage of this bill through the Legislative Council.

HON PAUL LLEWELLYN (South West) [11.37 am]: I thank Hon Kim Chance, Hon George Cash and Hon Murray Criddle for their comments on this bill. The overwhelming sentiment is that the time for talking is over. Renewable energy is ready to take its place in the power industry of Western Australia and this bill will drive that agenda forward. It is heartening to get the support of both the Nationals and Liberals.

I acknowledge the impact that the federal mandatory renewable energy target has had on the Australian renewable energy sector and on Western Australia's renewable energy sector. Over \$3 billion of investment has been generated in the renewable energy sector across Australia as a result of the federal initiative to introduce the mandatory renewable energy target. In Western Australia there has been more than \$400 million of investment because of that program. The mandatory renewable energy target has been plagiarised by and adopted in the United Kingdom, because it is a good model to achieve renewable energy uptake across the power industry in every country. The MRET legislation provided for renewable energy projects to be bankable. We understand that renewable energy is slightly more expensive than conventional coal-fired power stations and gas-fired power stations. We need to unpack that argument. Renewable energy is only more expensive if we do not account for all the external costs of generating power from dirty generators that are creating greenhouse gas emissions.

I turn to how Western Australia sits with the cost of power generation. Western Australia currently gets 40 per cent of its power from coal-fired power stations and 60 per cent from gas-fired power stations. I am dealing with the cost issue that has arisen several times. The 60 per cent of power coming from gas-fired power stations

means that the electricity industry, which is based on gas, is exposed to international trading prices of gas and oil. The price for electricity can only increase as we hit the wall with fossil fuels and gas prices increase. If that happens, it is very likely that wind energy and biomass energy will certainly be cost competitive with gas and possibly cost competitive with coal. A doubling of the capacity of the wind energy industry will lead to a 12 per cent reduction in the cost of producing electricity from that source. There would be a slow decrease in the cost of electricity from renewables generally as capacity is built across the industry and there is an inevitable increase in the cost of electricity generated from fossil fuels, in particular gas. When a greenhouse gas emission cost or tax is imposed on the emissions from coal-fired and gas-fired power stations, we will find that renewable energy and coal and gas become competitive on a level playing field, and we will see the emergence of a renewable energy sector.

The reasons the Greens (WA) introduced this bill are exactly the same as the reasons the federal government introduced its mandatory renewable energy targets. The first objective is to increase investment in renewable energy. The second objective is to build a renewable energy sector in Australia. That has certainly been achieved. The third objective is to achieve regional development. I do not think that we should underestimate the capacity of a renewable energy target to generate widespread regional investment.

More than 49 countries and states have already adopted renewable energy targets. Although the federal government in the United States, for example, has not moved on establishing mandatory renewable energy targets, the state governments have. The 49 countries and states that have adopted renewable energy targets have encouraged more than \$53 billion worth of investment in the renewable energy sector. They expect that to grow to \$223 billion between 2005 and 2015. That is a big business scenario. Western Australia is missing out on its share of that activity by not engaging with the renewable energy industry and by not meeting its obligation to reduce its greenhouse gas emissions, which we know are the worst in the world. Taking action to build that industry will inevitably result in economic benefits across every sector of the state's economy, including regional areas.

I am delighted that the government has engaged in the debate on this bill. I am delighted that it is now saying that it likes the bill although it does not think that we have thought of this or that and thinks that we have underestimated the cost or overestimated the emissions reductions. I am glad that the government is having this conversation. I came into this house and into Western Australian politics to bring this debate to the forefront of Western Australian politics. Bring on all the questions. Let us have the debate. Let us work out how we can improve this bill so that it becomes an instrument to drive renewable energy investment in Western Australia and an instrument to reduce Western Australia's appalling level of greenhouse gas emissions.

We have tended to frame the arguments against the introduction of renewable energy on the basis of the difficulties, costs and liabilities. However, the introduction of a renewable energy target in Western Australia is not a liability for the state but an opportunity for economic development. As Hon George Cash mentioned today, Victoria has just received confirmation that it will get federal funding for its solar thermals project - I am not 100 per cent sure what the project is. The reason Victoria was chosen for a major solar power installation was that it introduced a mandatory renewable energy target bill in July. The governments of Western Australia and of all the other states have been talking about a renewable energy target for several years. Committees have travelled backwards and forwards across Australia talking about how Australia will meet its renewable energy obligations and how it will achieve that target. The Victorian government lost patience with that process and went it alone. As a result of going it alone, the Victorian government has scored a major investment project from the federal government. Victoria will not only get that capital boost in the project, but also be able to trade the energy certificates that will be created through the Victorian renewable energy target legislation.

I have spent many hours in this chamber promoting the concept of renewable energy and of seeing the challenge of climate change as an opportunity and not as a liability. I believe it is time for the Western Australian government to stop obstructing this process and stop putting it into the too-hard basket. It must stop allowing bureaucrats to procrastinate on delivering a renewable energy target and start putting forward tangible, practical solutions that are based on well-formulated legislation. I had 1.5 full-time equivalent staff and I now have two full-time equivalent staff, yet we were able from May to December to work out a mechanism for drafting a renewable energy target bill for Western Australia. I cannot see how the Western Australian government can say that without the services of an entire department or whole sections of that department, it cannot come up with a well-structured renewable energy proposal, given that the federal government has already set out a very clear model for achieving that.

I am heartened that both the National Party and the Liberal Party can see the good sense in supporting this legislation. The legislation is not a radical ask; nor is it an extreme request that we should achieve a 20 per cent renewable energy objective by 2010. It is a very reasonable proposition to achieve our renewable energy target over a period. The Greens have laid out that time frame very clearly. This bill provides a specific model for achieving renewable energy targets in Western Australia. It gives measurable targets; that is, 20 per cent by

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2020. It is achievable, in the sense that it is easy to comply with, easy to regulate and uses existing reporting mechanisms. It will generate a reliable, modern, secure and decentralised power system for Western Australia, and it will provide a time frame for that to take place.

I examine the roll-out of the Western Australian renewable energy target and some of the figures that relate to it. It will start with a target of just six per cent in 2008. I am quite sure, based on assurances I have received from people within the industry, that they will be able to put bankable projects on the grid by 2008 to deliver the six per cent target. We are also quite sure that by 2020, there will have been sufficient development of capacity within the industry to achieve a target of 20 per cent. That will require an investment of approximately \$2 billion in renewable energy technologies across the power sector.

I look forward to the support of both the National and Liberal Parties; this has been a tricky negotiation. I believe that this bill will make a major contribution to Western Australia, and I thank the National and Liberal Parties for supporting it. I also look forward to the support of the Labor Party for a bill or something very similar in the lower house.

Question put and passed.

Bill read a second time.

As to Third Reading

HON PAUL LLEWELLYN (South West) [11.52 am]: I seek leave to proceed directly to the third reading.

HON KIM CHANCE (Agricultural - Leader of the House) [11.52 am] - by leave: Mr President, I rise to seek your advice and to make a comment on the application for leave; I know it is not a debatable matter.

The PRESIDENT: This item of non-official members' business is due to conclude at 12.09 pm.

Hon KIM CHANCE: I will be the soul of brevity. I thank honourable members for granting leave. The leave sought by Hon Paul Llewellyn would normally not be granted; that is the established practice of the house. It is something that we need to be flexible about. I announce the government's intention to support the honourable member's application for leave. It is an unusual circumstance for there to be such a short time in which to conclude the passage of a private member's bill. On that basis and none other, the government will support the application for leave. It is certainly not something that the government considers will be a principle for the future.

HON NORMAN MOORE (Mining and Pastoral - Leader of the Opposition) [11.54 am] - by leave: I concur absolutely with the comments of the Leader of the House. This house has in recent times put into place a process whereby third readings are not dealt with on the same day as the other stages of the bill. Members may be aware that this issue arose the other day, when parliamentary counsel wrote a note to the house, congratulating us on finding a mistake they had made in the drafting of a bill. Those sorts of things cannot be allowed to happen as a matter of course. I concur with the leader's comments that on this occasion, because we are dealing with a private member's bill and this is private members' time, leave should be granted. However, it should not be seen to be something that can be taken as some sort of certainty in the future.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Hon Paul Llewellyn** and transmitted to the Assembly.