

No special carbon deal for LNG: Rudd

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WA's lucrative liquefied natural gas industry appears destined to face the full force of the emissions trading scheme after Kevin Rudd said he was yet to be convinced by arguments for special treatment presented by Woodside Petroleum's outspoken chief executive Don Voelte.

Woodside, the lead partner in the North-West Shelf Venture, claims the ETS threatens up to \$100 billion of new projects because the scheme's proposed design would force LNG producers to buy permits for all their greenhouse gas emissions from 2010.

By comparison, bigger polluters, including the coal and aluminium sectors, would get between 60 and 90 per cent of their pollution permits free.

But in an interview to mark his first year as Prime Minister, Mr Rudd said LNG companies, while entitled to argue for changes to the ETS design, would have to provide hard data to substantiate their case.

In a direct dig at Mr Voelte's harsh criticism of the proposed ETS design and his claims about the implications of the failure to give the LNG industry free emission permits, he said the Government was not going to listen to one or two players but "the industry in all of its dimensions".

"LNG companies like Woodside could assert a range of things in relation to what might happen and attribute multiple causalities to it, that's a matter for them," Mr Rudd said.

"LNG firms can reach their own conclusions and they're entirely entitled to argue their case. As to whether the data substantiates the propositions being advanced, that's a separate matter. And we are very much datadriven and evidence-based."

Mr Voelte was unavailable yesterday but last month he said the ETS was "dead on arrival" because of the global financial crisis. He has also suggested Woodside may shift its proposed floating Sunrise LNG plant into East Timorese waters to avoid the carbon trading regime.

Chevron Australia's managing director Roy Krzywosinski has also warned that the ETS would threaten the viability of the US giant's proposed Gorgon and Wheatstone operations in the North-West with a combined value of \$40 billion.

In a wide-ranging interview with The West Australian, Mr Rudd said his Government's ambitious reforms on climate change, hospitals, education, infrastructure and defence had been made more difficult by the "indiscriminate" turmoil on world markets but he vowed to pursue them "meticulously" while also tackling what he has rebadged as the "global financial and economic crisis".

"We are working our guts out to deal with these challenges," he said. "It's tough and it's hard and next year's going to be tough and hard but we have framed an economic strategy to get us through it, but it's going to be a bumpy road."

He singled out climate change as the most urgent generational challenge, saying that Australians not only recognised the need to act early but also understood the cost of adjusting to a low-carbon economy was manageable if "handled properly".

Mr Rudd challenged opponents of Australia reducing its emissions to explain to their children and grandchildren their preference for inaction. "Let me have their answer on behalf of their kids," he said.

He said the financial crisis was the hardest issue to deal with because of its "intensity, complexity and international connectedness" along with the deaths of Australian soldiers in Afghanistan.

He said the deployment of 1000 Australian troops in Afghanistan was "about right" but that the commitment to the war would be reviewed. On deploying more troops, he said: "The truth is we are stretched."

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