

Committee Secretary
Joint Select Committee on Australia's Clean Energy Future Legislation
PO Box 6021
Parliament House
CANBERRA ACT 2600
AUSTRALIA

22 September 2011

Dear Sir/Madam,

Rio Tinto appreciates the opportunity to provide comments to the Joint Select Committee on the Clean Energy Bill (the **CEF Package**) tabled in Parliament 13 September 2011.

Whilst it is important to respond to the climate challenge, Rio Tinto remains concerned about key features of the CEF package. Without significant changes, the scheme will inevitably hinder investment and jobs growth in Australia without meaningfully reducing global carbon emissions. It will undermine Australia's international competitiveness and hurt the nation's export-competing industries.

Rio Tinto reiterates its support for a scheme that is carefully calibrated against demonstrable international action and properly protects the competitiveness of trade exposed industries during the transition to a more comprehensive global carbon pricing regime.

The current CEF package exposes Australian businesses to some of the highest carbon costs in the world, placing them at a significant competitive disadvantage and generates a level of uncertainty that will discourage ongoing investment in Australia.

Rio Tinto urges Parliament to apply a principles based approach when considering the design of a carbon pricing mechanism. The mechanism should provide Australia with a climate policy that:-

- contributes to reducing global carbon emissions;
- encourages investment in Australia;
- recognises and is responsive to Australia's international competitiveness;
- starts with a low carbon price which increases as required over time in line with Australia's competitors; and
- is capable of being adapted in order to harmonise with global carbon pricing regimes when and if these emerge.

In addition to the concerns raised above, Rio Tinto provided the Government with a detailed list of issues and specific legislative improvements for the CEF Package in its submission of 22 August 2011. Key elements of the submission that have not been addressed in the Bill tabled in Parliament include concerns with:-

- the arbitrary exclusion of the coal industry from adequate transitional assistance under the Jobs and Competitiveness Package;
- an excessive number of Productivity Commission reviews in the short term and the inadequacy of the terms of reference for these;
- the inadequacy of the terms of reference for Climate Change Authority reviews;
- the buyback of carbon units at a discount to the CEF price especially in the first year of the scheme;

I would urge the Committee to consider the above matters during the course of its deliberations.

Yours sincerely



David Peever
Managing Director Australia