

1. The 5-15% target is too low

We have left it far too late for mediocre emissions reduction targets. Australia must play its full part in the global response to climate change. We can't expect special treatment, when people around the world are already losing their homelands and farmlands to rising seas, we've just got to pull our finger out and agree to nothing short of 40% reductions from 1990 levels, and advocate for all developed nations to do the same.

2. There is no emissions cap

Under the Exposure Draft for the CPRS, there will not be a cap on Australian emissions of greenhouse gases, not even the meagre 5% unconditional cap. The Bill provides that a national emissions cap will be set, but allows Australian emissions units to be created and distributed that will exceed this cap. The national scheme cap, under this Bill, will limit only the total number of auctioned Australian emissions units, the total number of Australian emissions units given away for free under the emissions-intensive trade-exposed assistance program and the Australian emissions units given away to coal-fired generators under Part 9.

Crucially, it will not limit:

- Australian emissions units provided by the Government at a fixed price (Part 2 s13)
- Australian emissions units created by eligible reforestation projects (Part 10)
- International emissions units traded into the Australian scheme (Part 4)

There is simply no way that Australian emissions will be reduced under this structure and there is a real risk that all of our cuts will be pushed off-shore, to forestry offsets in the developing world and dubious Clean Development Mechanism projects.

There should be limits on the number of international units a facility and/or person can purchase to meet their pollution cuts. Even aside from issues of equity, which demand that Australian industry make as much effort to reduce emissions as other countries, particularly in the developing world, letting Australian industry off the hook in this way will disadvantage us in the long run, as other nations power ahead with renewable energy and alternative industry, prompted by strict emissions reduction requirements.

3. The number of free units to be issued to EITEs is not capped

There is nothing in the Exposure Draft that limits the proportion of free permits that can be given away to emissions-intensive trade-exposed industries. Even the 90% give-away proposed in the White Paper may end up being increased. Every free permit given to a polluting company means less money raised through the auction system will be available to compensate householders and invest in much-needed renewable energy development. The wealthy industries that have profited from pollution must be made, like everyone else, to pay their way in a carbon constrained world.

4. Assistance to coal-fired generators should be contingent on a phase-out plan.

We must set a timetable for withdrawal from coal power, and encourage companies in coal-power to diversify their energy portfolio and plan for the closure of their coal plants. This can be done in a strategic, fair and orderly fashion

only if it is explicitly planned for. There is no doubt that we will have to phase out coal power and the earlier we acknowledge and plan for this, the better. The Government's hesitation to admit and plan for this eventually is irresponsible, since it leaves both the country's energy supply, and potential energy investors suspended in uncertainty. Any assistance provided to coal fired power stations under the CPRS must be contingent on phase-out plans.

5. Reforestation projects under the CPRS do not exclude logging and can be "offsets" for industrial emissions

The scheme can (and will) be flooded with cheap credits provided for free beyond the cap to people growing forests, who will then be able to harvest those forests for timber unless the Regulations specifically prevent it.

The irreversibility of climate change demands that we be precautionary and that we make every effort available to reduce emissions and draw down atmospheric carbon. Any vegetated area that is set aside for a carbon sink - thus providing a source of income for the landholder via the CPRS - should not be allowed to be disturbed by logging or grazing.

6. There are no third party rights

Third party prosecutions have made a significant contribution to environmental and social law in Australia, and given the immense importance of this Bill for the future of Australian society, it is vital that third party rights be established under any CPRS Act.