



The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
Canberra ACT 2600

9 April, 2009

Dear Senators,

We thank you for the opportunity to respond to the Senate Select Committee on Climate Policy.

Environment Victoria is the peak non-government not-for-profit environmental group in Victoria. With 120 member groups and thousands of individual members and supporters we have been representing the voice of Victorians on the environment for 40 years. Environment Victoria was one of the first organisations in the country to campaign on climate change, and has been working on the issue for over a decade.

As stated by Prime Minister Kevin Rudd in Bali during the 2007 international climate negotiations, "*Climate change is the defining challenge of our generation ... one of the greatest moral, economic and environmental challenges of our age.*" Australia will be one of the countries worst hit by climate change. We have a lot to lose across our economy, our natural wonders, and our broader society. It is in Australia's interest to take immediate action to make deep cuts in our emissions and transition our economy and our society away from our heavy polluting industries towards a new green future.

Environment Victoria will respond directly to the first two questions posed by the Senate Select Committee. Our thoughts regarding the remaining questions are outlined in our attached briefing; *Off Target: The fundamental flaws in the Rudd Government's Carbon Pollution Reduction Scheme.*

Should you require any further information regarding this submission or Environment Victoria's position please contact me on the number below.

Sincerely,

A handwritten signature in red ink that reads "LWK." with a horizontal line underneath.

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(a) the choice of emissions trading as the central policy to reduce Australia's carbon pollution, taking into account the need to:

(i) reduce carbon pollution at the lowest economic cost,

(ii) put in place long-term incentives for investment in clean energy and low-emission technology, and

(iii) contribute to a global solution to climate change;

Environment Victoria has long supported the mechanism of an Emissions Trading Scheme (ETS) as a suitable one to reduce emissions and manage the transition towards a green economy.

However, while Environment Victoria supports the mechanism in principle, we are unable to support the Rudd Government's proposed Carbon Pollution Reduction Scheme (CPRS) in its current form. The proposed targets of 5-15 per cent are unscientific, inadequate and destructive to international negotiations to secure a safe climate future. Furthermore carve-outs and loopholes for the big polluters mean that it is possible that under the CPRS, Australia's emissions could actually rise. The CPRS also destroys all incentives for individuals, communities, business and governments to take further action to reduce emissions and be more sustainable. The combined impact of these flaws will mean a low carbon price, and therefore an inadequate price signal to change behaviour across the economy and our society.

Further information outlining our specific concerns regarding the proposed CPRS is offered in our briefing *OFF TARGET: the fundamental flaws in the Rudd Government's Carbon Pollution Reduction Scheme*, attached to this submission.

Environment Victoria believes that by going back to the drawing board and endeavoring to construct a strong ETS that truly reflects the urgency of the climate science and the need to immediately begin a rapid transition of our economy, the Australian government can deliver a scheme that is up to the task. Further, this will allow Australia to adequately contribute to a global solution on climate change.

With a strong ETS that consists of a science-based emissions reduction target, limited international offsets, limited compensation and the inclusion of measurable voluntary actions as reductions additional to the cap, Australia could be placed on a pathway towards a low carbon future, and unlock billions of dollars worth of green investment and green jobs in the process.



(b) the relative contributions to overall emission reduction targets from complementary measures such as renewable energy feed-in laws, energy efficiency and the protection or development of terrestrial carbon stores such as native forests and soils;

It is widely recognised that an ETS should not be viewed as a silver bullet on climate change. As with all market based mechanisms, failures will emerge that require further action to tackle emissions from sectors not covered, or from areas where the price signal has not been strong enough to drive investment required in new technologies or infrastructure.

However, under the proposed CPRS, any additional action to tackle climate change will not result in any additional emissions reductions. Complementary measures, whether they are undertaken by governments, business or the community will fail to make any dent in Australia's overall emissions. This failure to value complementary measures will destroy all incentives for further action to be taken, but also has the potential to destroy carbon and abatement markets that already exist.

The latest audit of the GreenPower program found that 877,875 households and 34,103 commercial customers are currently choosing to pay more for their electricity to support renewable energy and reduce emissions¹. If these customers or potential others were to discover that their efforts would not contribute to any reduction in emissions whatsoever, the incentive to sign up for GreenPower disappears, and with it the successful market for voluntary action that has recently emerged.

It has been suggested that voluntary action will make such a small contribution to the nation's emissions reductions that excluding it from the scheme will not be of significant consequence. However there are two issues of concern with this view; firstly, that this is a rather narrow view of measures that could be counted as voluntary action and seems only to refer to those actions undertaken by individual members of the community rather than those that could be taken by business or governments which would have significantly greater emissions reduction potential; and secondly, the efforts of GreenPower customers alone have thus far saved over 5.7 million tonnes of greenhouse emissions². When the Australian public is repeatedly being told that we can all make a difference on climate change, a contribution of this level should not be ignored.

If this flaw in the CPRS is fixed, or the CPRS is rejected in its current form, the potential for complementary measures to assist in emissions reductions should not be underestimated.

¹ http://greenpower.gov.au/admin/file/content13/c6/greenpower_quarterly_report_q408.pdf

² <http://greenpower.gov.au/how-greenpower-helps-the-environment.aspx>



Environment Victoria recommends that regardless of whether the proposed CPRS moves ahead or not, the Australian government should:

- Implement a national energy efficiency strategy across households, the community and the economy
- Overhaul Australia's building stock for water and energy efficiency
- Increase the Mandatory Renewable Energy Target and remove solar hot water and the solar multiplier from the scheme
- Implement a nationally consistent gross feed-in tariff for small scale renewable energy generation
- Commit to mandatory vehicle efficiency standards at world's best practice
- Invest in public transport alternatives across our cities and regional centres, and in rail freight development across the country
- Implement sustainable production and consumption drivers that will reduce emissions from production and waste streams

Attached:

1. Environment Victoria briefing on the CPRS, February 2009: *Off Target: The fundamental flaws in the Rudd Government's Carbon Pollution Reduction Scheme.*

