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Senate Select Committee on Climate Policy

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Submission on Climate Policy

I am making this submission out of sense of great frustration and disappointment that the government's response to the threat of climate change is woefully inadequate, and fails to take the necessary action in the face of a clear scientific consensus that much stronger action is urgently required.

Convinced of the challenge of climate change and environmental sustainability, my household has already made a major investment in a personal response, through the installation of solar PV, solar hot water, insulation and energy efficiency.

We are trying to do our bit – now the government needs to show much greater leadership and resist the special pleadings of vested interests for 'business as usual'.

The points made below are based on the common position of Australian Climate Action Groups, but with my own emphasis and additions.

TARGETS TOO LOW

The government's proposed target of a 5% reduction in emissions by 2020 (with only a possibility of 15% subject to international agreement) is not only completely inadequate, but will also undermine international negotiations to achieve an effective global response to climate change.

If weak targets are adopted universally then emissions will not stabilize atmospheric concentrations of GHG at 450ppm. It would send the world past 550ppm and trigger unstoppable and catastrophic climate change.

Business needs long-term investment horizons in order to make multi-billion dollar decisions. A target of 5-15% by 2020 set now is likely to lead to many bad investment decisions being made, as business invests in 'low pollution' infrastructure which, in only a few years, will need to be demolished at further expense and replaced with zero emissions alternatives.

I am also very concerned that if (when) targets are increased, businesses may be able to claim compensation, given that the CPRS effectively creates property rights in carbon emissions. It would be grossly negligent of the government to create a potential financial liability for taxpayers in the likely event that stronger action is taken in due course.

NO EMISSIONS CAP

Contrary to the government's propaganda, under the Exposure Draft for the CPRS, there will not be an overall cap on Australian emissions of greenhouse gases. Under this Bill, limitations apply only to some specific categories of emissions.

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)

The number of free units to be issued to EITEs is not capped, 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 companies that have profited from pollution must be made, like everyone else, to pay their way in a carbon constrained world. Under the structure allowed for in this Bill, the 5-15% target will only exist on paper.

A JUST TRANSITION FROM COAL BASED POWER

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 if it is explicitly planned. The Government's hesitation to admit and plan for this eventually is irresponsible, since it leave 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.

The proposed CPRS would protect, compensate and reward our biggest polluters. The high emissions intensity of energy use in Australia is mainly the result of our reliance on coal for electricity. The CPRS as proposed ideally suits 'important' emission intense industries, which have benefited enormously from Australia's cheap, dirty coal fired electricity, as they would receive over \$3 billion a year in free permits and compensation under the proposed CPRS legislation. It also unfairly transfers the cost of reducing emissions to industries with less lobbying power and to the community at large. Every dollar of compensation that goes to polluters is a dollar less to assist householders and clean industries.

Taxpayer funds should be directed towards achieving the necessary transition to a more sustainable economy, towards 100% renewable energy sources, capable of protecting our most valuable and irreplaceable public asset; our environment, for current and future generations.

ADDITIONALITY - VOLUNTARY REDUCTIONS NEED TO COUNT

The CPRS renders useless voluntary domestic efforts already under way to reduce some of our GHG emissions, such as the investment my own household has made in solar power and heating. Under the proposed CPRS the efforts of everyone from householders to State Governments to reduce emissions will only reduce the price pressure on the polluters. This must be fixed by taking account of community action and all the policies already in place when setting the scheme caps, and using the scheme to drive more ambitious efforts.

TRANSPARENCY AND REVIEW

Section 342 of the Exposure Draft CPRS Bill sets out the "reviewable decisions" in a table. This table appears to ensure that most decisions *against* polluting entities are reviewable, but decisions *in favour* of them are not. This sets up a systemic bias against the goal of the act: to reduce emissions. Exclusion of third parties from being able to take civil or administrative action for breaches of the CPRS Act or against decisions made under the Act also weaken community input and the national interest in ensuring the Act is enforced.

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.

A RANGE OF MEASURES REQUIRED TO COMBAT CLIMATE CHANGE

An emission trading scheme is just one of the tools the federal government can use to neutralise Australia's greenhouse gas emissions. Other policy tools can and should include:

- a moratorium on all new coal infrastructure (mining, power generation & export)
- a greenhouse gases reporting scheme that is public and applies to every type of business transaction
- a halt to all subsidies for fossil fuel based energy
- consideration of a carbon tax either as a complement to or an alternative to a cap and trade scheme
- a national gross feed-in tariff for small scale electricity generation from renewable sources
- a simple and transparent carbon pricing mechanism free of loopholes and distortions
- incentives to conserve energy and reward energy efficiency
- a medium term goal of 100% zero emissions energy generation from renewable energy sources
- major investment in public transport and rail freight
- a "net energy zero" building policy for all new buildings
- a halt to all native forest logging
- a halt to using tree planting schemes to offset greenhouse gas pollution

CONCLUSION

The government's current response to climate change, including its flawed CPRS scheme, is completely inadequate and must be re-thought. In the face of increasingly alarming scientific evidence, the government needs to show real leadership with a strategy for transforming the Australian economy to a sustainable model. The so called 'Global Financial Crisis', instead of diverting us from the climate change challenge, should instead be seen as a major opportunity to rebuild our economic system in a less exploitative mould with longer term objectives.

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