

## To the **Senate Select Committee on Climate Policy**

I have attached my views and ideas so please accept this as my submission to the Carbon Pollution Reduction Scheme Legislation

it goes like this.....

Despite acres of newspaper coverage of the Rudd Government's proposed Carbon Pollution Scheme (CPRS), there are major misunderstandings about how the scheme will actually work. Perhaps the most common misconception is that once the government sets its 'target' for the level of greenhouse gas emissions, households will still be able to 'do their bit' to reduce emissions. In fact, once the CPRS commences in 2010, reductions in energy use by households will have absolutely no impact on Australia's greenhouse gas emissions.

**Emission trading will work like this;** the first thing the government has to do is set a 'target' for how many tonnes of CO<sub>2</sub> Australia will produce in a given year. Step 2 is to allocate 'permits' to emit that level of pollution, with the allocation taking the form of either a gift to polluters, an auction of permits, or a combination of both. Step 3 involves letting permit holders trade their permits with each other. The significance of the trading element of the scheme is that it enables polluters who would like to increase their emissions to buy permits from polluters who do not need as many permits as they thought.

**Consider the following example;** A family is disappointed with the emissions target set by the Rudd Government and decides to do 'their bit' to help reduce emissions further. So they install a solar hot water system on the roof, put insulation in their ceiling and leave the air conditioner off. As a result of these efforts the family reduces their electricity consumption by 20%. At this point, the operation of the CPRS becomes counterintuitive. As the family is using less energy, the power station that supplies their electricity will burn slightly less coal, which in turn means they need fewer pollution permits.

As a result of the family using less electricity and the power station burning less coal there are now some 'spare' emissions permits. The power station can sell these permits to the highest bidder, a cement kiln perhaps, thus allowing the kiln to increase its emissions and ensuring that there will be no net decrease in the level of emissions Australia wide.

**In other words, once the CPRS comes in, the efficiency 'savings' achieved by families will not be passed on to the environment in the form of lower emissions but will instead be captured by power stations and sold to other polluters.**

**Instead of the CPRS, I want to see direct investment in renewable energy to get 100% renewables by 2020. Call for a moratorium on coal and sector-by-sector transition plans that are just for affected workers and communities and will create green jobs.**

**Here are a few of the other major fundamental flaws with the proposed CPRS:**

1. Carbon pollution permits have been created as personal property rights. This means that polluting 'property holders' have the right to be compensated under any future attempts to change the CPRS. Creating the 'right to pollute' also means that we will be privatising a global good – the atmosphere.

2. There is no limit on international credits for domestic obligations. This means that instead of reducing their own emissions, polluters can invest in projects overseas that claim to emit fewer emissions than they would without the investment (offset projects). Many of these projects have dubious benefits for the environment, and business will carry on as usual in Australia.

3. Under a 5% target in 2020, emissions-intensive industries will receive 45% of the available permits for free. This represents a massive handout to big polluters that will not stimulate change in their unsustainable practices

4. The perverse outcome of setting a cap in an attempt to reduce our overall emissions is that each tonne of greenhouse gases saved by the community translates into an additional tonne of pollution available for the big polluters. Your voluntary action will simply free up permits for other polluters.

5. There is an obvious flaw..... the reduction target of 5-15% on 2000 levels by 2020. This target is abysmal and will lock in Australia's contribution to dangerous climate change.

#### **Measly emissions reduction target**

- Over \$6 billion in compensation and free permits to polluters
- Carbon pollution permits have been created as personal property rights

The scheme takes a 'business as usual' approach that continues to reward big polluters like coal and aluminium. It will not shift these industries from their unsustainable practices and won't keep fossil fuel in the ground. Instead, it will lock us into dangerous climate change, with severe, irreversible impacts on human life, the economy and the planet.

#### **Again the End of ones Individual Action under the CPRS**

I understand that while the CPRS will set a 'cap' on emissions, by issuing a fixed number of permits to pollute equivalent to 4% below 1990 levels, it "will also impose a 'floor' below which emissions cannot fall."<sup>1</sup>[1]

As noted by the NSW Independent Pricing and Regulatory Tribunal (IPART), "additional measures to reduce emissions in sectors covered by the scheme would not result in an increase in emissions abatement ... the emissions avoided through undertaking an additional measure would result in an equivalent increase in emissions elsewhere."<sup>2</sup>[2]"

As total emissions are unable to fall below the 4% emissions reduction target under the CPRS, green industries (including renewables), State/Territory governments, local councils, businesses, communities and households will be completely disempowered and prevented from making a meaningful difference when it comes to climate change.

---

<sup>1</sup>[1] Denniss, R. (Nov 2008) "Fixing the floor in the ETS – the Role of Energy Efficiency in Reducing Australia's emissions", Research Paper No. 59, pg 14-15.

<sup>2</sup>[2] IPART (Dec 2008) "Review of NSW Climate Change Mitigation Measures" pg 28

**note** comments with Kerry O'Brien on the 7.30 report (23 Feb 2009) that "what we will be able to do as we set our targets is ... to recognise the fact that a range of measures can contribute to those targets ... so it is the case that voluntary measures can contribute to the target that Australia achieves."

While the Government can adjust the number of permits each year to reflect individual actions undertaken in the previous year, the cap cannot be reduced beyond the 4% target before 2020 without paying substantial compensation to companies covered by the CPRS.

This means that no-matter how hard individuals work to reduce their emissions, we can never go beyond the 4% target and this target will be achieved irrespective of individual action. The fact remains that any reductions individuals achieve in their personal emissions will simply enable other industries covered by the CPRS to increase their emissions by the same amount and at a cheaper price.

This emissions floor, combined with such a low emissions reduction target, is simply untenable for me whom is dedicated to working within the communities on a voluntary basis to raise awareness about climate change, energy efficiency and renewable energy.

I find myself fighting for the right to make a meaningful difference on climate change and to work towards a safe climate future for our planet. This is the most important issue of our time – perhaps the most important issue that humanity has ever faced. We cannot and should not put all of our eggs into a flawed CPRS or a highly limited and short-sighted emissions trading scheme.

### **The Current CPRS Promotes Green Jobs Overseas**

Bizarre that the Government has stated that if the CPRS caps on emissions are not in alignment with new international targets the "Government will make up the shortfall in internationally agreed targets by purchasing eligible international units"<sup>3[3]</sup>.

Given that our current emissions reduction target band of 4–14% (based on 1990 levels) is well below that of the EU and UK and completely out of step with the science, it seems fairly certain that our target band will fall short of the international targets likely to be agreed to in Copenhagen in December.

If the CPRS becomes law in June 2009 as planned, then the Government will use tax-payer money to purchase carbon offsets overseas to make up the shortfall. This would drive investment in green jobs overseas at the expense of green jobs in Australia.

Similarly, the CPRS is also likely to lead to the end of the voluntary offset market in Australia since offsets cannot be purchased in covered sectors (the only sectors not covered by the CPRS are Forests, Waste and Agriculture). So note that the inclusion of forests in the CPRS is voluntary and the quantification/longevity of offsets in waste and agriculture are unlikely to be finalised before the start of the Scheme next year.

---

<sup>3[3]</sup> Department of Climate Change (December 2008), "National Carbon Offset Standard Discussion Paper", pg 7.

This means that Australian businesses wanting to purchase offsets for the parts of their footprint they cannot reduce will have no choice but to purchase offsets in emissions reduction projects overseas rather than investing in emissions reduction projects in Australia. Once again, this will drive investment in jobs overseas rather than much needed investment in green jobs in Australia.

### **Sovereign Risk and Compensation under the CPRS**

As our current 2020 emissions reduction target range is completely out of step with current **climate science** and targets in other developed nations. It therefore seems likely that the international community will expect us to reduce our emissions by more than our current target band.

Another major area of concern is that the CPRS will lock in 'property rights' for emissions intensive industries that are covered by the scheme. As part of this, the Government will need to compensate industries covered by the CPRS if they decide to change Australia's emissions reduction target before 2020. For example, if the Government decided to reduce emissions by another 5% by 2020 it would roughly result in a compensation payment to industries covered by the CPRS of around \$684 million<sup>4</sup>[4].

If the CPRS legislation is passed (as planned) by the end of June 2009, there is a strong chance that in December 2009 the Government will have little choice but to pay compensation payments to industries covered by the Scheme for changing the targets. Alternatively, the Government can make up the shortfall by purchasing international offsets. Either way, I do not believe this is an effective use of taxpayer money.

In light of the substantial flaws in the CPRS, people from all over and across Australia have decided to oppose the current CPRS and prevent it from becoming law before the Copenhagen talks.

### **The Need for A Senate Inquiry on the CPRS**

I was freaked out then disappointed to learn that the House of Representatives Inquiry into emissions trading has been cancelled.

Undoubtedly, climate change is the most important issue of our time. If the Government is truly confident about the CPRS and its emissions reduction targets then it should be able to stand the test of transparency, accountability and rigorous analysis and debate. **I strongly support the call by the Greens and Coalition for a Senate inquiry into the CPRS.**

### **Conclusion**

I hope this document has helped to clarify some of my key positions on climate change and, in particular, the role that emissions reduction targets and the current CPRS will play on the environment, economy and social community not forgetting the governments expected job security. Just please create GREEN JOBS.

---

<sup>4</sup>[4] Back of the envelope calculation = 5% x 547 million tonnes CO<sub>2</sub> (Australia's total net emissions in 1990) = 23.7 million tonnes x \$25 (estimated carbon price) = \$684 million. [Emissions source: Australian Government Fact Sheet (Dec 2008) "Australia's Greenhouse Gas Emissions".]

**Well now is the time to prove and lead and go down in history as a true supporter of the people and humanity.**

I Call on the Government to:

- Urgently change Australia's 2020 emissions reduction target of 5-15% to at least 40–50% by 2020.
- Keep Australia's 2020 emissions reduction targets out of the CPRS legislation until after the Copenhagen climate deal has been finalised.
- Ensure that individual, community, and all government emissions reduction efforts contribute to additional emissions abatement. Such actions should lower emissions, not lower carbon prices.
- Legislate a ban on all new coal-fired power stations in Australia and a moratorium on all new coal exploration and mining.
- Plan to phase out existing coal-fired power plants over the next ten years. Change the requirements for assistance to coal-fired generators under the CPRS to be conditional upon the 10-year phase-out plan.
- Suspend all subsidies, tax incentives and financial support to the fossil fuel industry, including compensation measures proposed.
- Redirect the \$500 million Clean Coal Fund into promoting and advancing renewable energy technology, growth and infrastructure.
- Establish third party rights under the CPRS Act, to ensure that the CPRS remains transparent and accountable.
- Direct all money raised through the CPRS into lower emissions technologies including renewable energy

**Gary Ryan**

**NOWASTEVENTS**

*Eco Environmental Event and Sustainable Dimensions*