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## **WA Sustainable Energy Association Inc. (WA SEA)**

**Media Release – 16 July 2008**

### **Carbon deals at run-out prices - use your carbon credit card and get an interest free period on fuel.**

The Western Australian Sustainable Energy Association Inc. (WA SEA) agrees with the broad principles in the carbon pollution reduction scheme green paper outlined by the Minister for Climate Change, Senator Wong. But a government that is committed to a “whole of economy reform” must accept there is a difference between “considered” and “convenient”, according to the business chamber for the sustainable energy industry in WA.

WA SEA whole-heartedly supports the Minister in her resolve to act on climate change, and the principal that the businesses with the greatest carbon exposure deserve assistance to restructure and adapt. But compensation with free permits to continue carbon emissions do little to reduce carbon intensity.

“Intervention that directly helps industry reduce emissions is the most effective way to develop independence from carbon emitting fuels. Measures funded in equivalent dollar terms to the value of free permits, but that support energy efficiency measures combined with initiatives that deliver renewable energy sources, will deliver far greater value than free permits,” says Dr Ray Wills, Chief Executive of WA SEA.

“Direct financial compensation creates the unfortunate potential for a business to factor in a carbon deal as part of a private exit strategy with a tax-payer funded financial bonus and so avoid real measures to restructure their business and so continue to contribute real change to reduce the carbon intensity of the Australian economy,” warns Dr Wills.

“Similarly, the proposal for soft starts and lead times is like the winter sales offering deals with no payments or interest for three years. The wise shopper knows if they fail to pay back the amount in the interest free period, they get slugged with a high interest bill later – the soft start proposed as a part of this package offers the same potential trap as the bargain shopper is exposed to in the mid-year sales.”

“Further, the proposed soft start discounts the fact that there already is one – there is already a lead time of two years before the start of the carbon pollution reduction scheme in July 2010.”

“The Rudd Government must immediately act to make the greatest use of this lead time to put in place transitional measures prior to the start of emissions trading,” says Dr Wills.

“And cutting fuel excise to compensate motorists undermines the trading scheme, and is an unnecessary delay when there is two years available to provide create changes in domestic and commercial fleets prior to the start of emissions trading. If the Government insists on a three year adjustment for motorists, then they should start the clock now and so minimise tinkering with fuel excise to include only the first year of emissions trading mirroring commercial transport.”

“Immediate responses can take advantage of GST windfall revenue on higher fuel prices and cash from higher royalties already flowing into Government coffers as a consequence of the continuing resources boom, with that revenue used to move up funding for renewable technologies research that the May 2008 Budget had delayed until July 2009. Similarly available funding to both support energy efficiency measures and deploy renewable energy in businesses and households must be doubled immediately.”

“And Senator Wong must expand her efforts now to broker even more substantial measures for start-up in May 2009 with next year’s budget and ensure the process of adaptation is well and truly underway a year in advance of increased energy prices from an emissions trading system.”

“The Rudd Government must also commit to fund the delivery of renewable energy to Federal government operations. A Government committed to act on climate change must lead by setting targets for whole of government operations – including defence, health facilities, social services, and education delivery - that aim to be carbon neutral by 2015 and take a bigger share of cutting Australia’s greenhouse gas emissions by aiming to be carbon negative by 2020.”

“A combination of a trading system, paired with direct incentives for industry to reduce emissions through both energy efficiency and procurement of lower emissions energy, will actually diversify the economy and create a more robust environment for business. Energy efficiency is a critical component as it will reduce inflationary pressures that would otherwise occur through spiralling fossil fuel prices” says Dr Wills.

“Inaction – and inadequate action - will condemn us to rely on resource-extraction for energy with increasing demand bound to drive up the price of fuel sources and inflation. Oil prices will continue to spiral beyond \$140 per barrel with on-going growth in demand from China and India, and no doubt pushing up inflation in Australia, but renewable energy will continue to shine on us, to wash up on our shores, and to blow past us - without additional cost,” says Dr Wills.

“WA SEA agrees with Senator Wong when she says failure is not an option. We must not fall for the sales ploys being sought by some carbon emitters - we must avoid the temptation for retail therapy and to binge on our carbon credit card. We must fundamentally change the way we think about energy and how we do business,” says Dr Wills.

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**Editors notes:**

1. The Western Australian Sustainable Energy Association Inc. (WA SEA) is a chamber of businesses variously promoting, developing and/or adopting sustainable energy technologies and services that minimise the use of energy through sustainable energy practices and maximise the use of energy from sustainable sources. WA SEA is supported by a rapidly growing membership of now 175 industry members from a diversity of businesses including the key energy players in WA. [www.wasea.com.au](http://www.wasea.com.au).