

4 June 2009

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600
Email: economics.sen@aph.gov.au

Dear Sir/Madam,

RE: Submission to the Inquiry into the Carbon Pollution Reduction Scheme Bill 2009 and related bills

The Nature Conservation Council of NSW (NCC) welcomes this opportunity to comment to the Senate Standing Committee on Economics on its Inquiry into the Carbon Pollution Reduction Scheme Bill 2009 and related bills.

The NCC is a non-profit, non-government organisation representing 120 community environment groups across NSW. It has been NSW's peak environmental organisation since 1955, and works closely with member groups, local communities, government and business to ensure a positive future for our environment.

The NCC believes the new, conditional 2020 emissions reduction target is still too low. The maximum 25% target is one that, if applied globally, would lead to at least 2°C warming and the loss of natural icons like the Great Barrier Reef. To aim for maximum 2°C warming with the lowest probability of overshooting this temperature, the Nature Conservation Council calls for a minimum 50% reduction target on 1990 levels by 2020, and for the Australian Government to aim for carbon neutrality by 2040.

Further, the NCC understands that the only definite target under the proposed Carbon Pollution Reduction Scheme is a deeply unacceptable 5% emissions reduction that will guarantee catastrophic climate change. The NCC believes that the conditions attached to the maximum and still inadequate target, coming from the world's largest per capita greenhouse polluter, seriously undermine Australia's credibility in claiming to support a strong global agreement on climate change.

The amendments have also failed to address the fundamental flaws of the scheme, including that:

- Unlimited trading of permits on the international market means that all emissions reductions can be outsourced to other countries.

Any international 'offset' credits must be additional to the emission cuts Australia needs to make domestically. These credits must also not be created from projects that have a dubious impact on climate change and local communities, as many 'offset' projects have proven: in 2007, almost two-thirds of the 'offset' projects in the pipeline under the Clean Development Mechanism of the Kyoto Protocol did not involve either the generation of renewable energy or a reduction in carbon dioxide emissions. Instead, many projects involve the creation of 'offset' credits through investment to make fossil fuel projects 'less bad'. The big emitters profit twice under the growing international 'offsets' market - once from their fossil fuel project and again by being paid for their creation of 'offset' credits. Any requirement to reduce emissions can in turn be met by investing in other 'offset' projects.

- Individuals that voluntarily reduce emissions face personal costs to ensure their efforts do not free up permits for polluters.

Emissions trading schemes have the effect that individuals' voluntary action free up permits for big emitters. The amendments mean that individuals doing the right thing in reducing their carbon footprint face personal costs in time and energy to ensure that their actions do not have the effect of allowing unsustainable businesses to continue. The proposed scheme has the perverse effect of disincentivising individual and the community's carbon reduction efforts.

The NCC strongly believes that the proposed Carbon Pollution Reduction Scheme deeply lacks environmental integrity. Further, the structural integrity of the proposed emissions trading scheme is deeply undermined by the amendments to grant more free permits to big emitters, which disincentivises immediate emissions reduction, and the very low maximum carbon price of \$10/tonne.

Instead of the Carbon Pollution Reduction Scheme, the NCC calls for climate change policies that will facilitate the urgent reduction of greenhouse emissions, and a rapid, equitable transition to a low-carbon economy. It supports an end to perverse subsidies for fossil fuel and other energy-intensive industries, and supports direct Federal Government investment in renewable energy to achieve 100% renewable energy by 2020. The NCC also calls for sector-by-sector transition plans that are socially-just for affected workers and communities.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cate', with a long horizontal flourish extending to the right.

Cate Faehrmann
Executive Director