



Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

4th June 2009

Dear Secretary,

Carbon Pollution Reduction Scheme Bill 2009 - Issues and Recommendations

CHOICE provided submissions to the Senate Standing Committee on Economics (the Committee) on the Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme on the 29th March 2009 (Submission 93#)¹. We would now like to make the following points in light of the Committee's report of the 16th April 2009 and in light of the amendments made to the Carbon Pollution Reduction Scheme draft legislation announced on 4th May 2009.

We would like to express our extreme disappointment with the government's proposals to count only a small part of Australian consumers' voluntary contribution to reducing greenhouse gas emissions in the current design of the Carbon Pollution Reduction Scheme (CPRS).

We also want to report to you the high levels of consumer concern that are being reported to us about the government's failure to allow and encourage consumers to be active players in the solution to the 'diabolical dilemma' of climate change.

As a resident of northern Victoria I face being among the first wave of Australian climate change refugees as my home town's water supply dries [sic] up. I have taken responsibility for my own impacts on the climate and laid out additional costs for Green Power, efficient globes, a bicycle, insulation and solar hot water only to find that this will count for nothing under your legislation. Please do whatever you can to prevent my and other's efforts being made meaningless.

Submitted by consumer to CHOICE GreenPower Keep it Real Campaign²

¹ **Attachment A:**

CHOICE submissions to the Senate Standing Committee on Economics on the Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme on the 29th March 2009 (Submission 93#).

² **Attachment B:**

Comments received from consumers in response to CHOICE's GreenPower: Keep It Real! Campaign.

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We are extremely surprised that the government does not realise that the most effective way to build popular support for action on climate change is to involve consumers in the actions they can take, whether small or significant. Like the previous draft, the current CPRS legislation excludes the majority of consumers and the majority of consumer actions from making a meaningful contribution. It thus disempowers consumers and reduces their engagement with the issue.

Individuals already feel that climate change is too large a problem and that changes they make will not make much difference to the current situation. The government needs to do all it can to empower individuals and households so that people feel like their actions count.
Submitted by consumer to CHOICE GreenPower Keep it Real Campaign

As the largest organisation representing consumer interests in Australia, CHOICE has a critical role in ensuring the effectiveness and fairness of measures to address climate change for which consumers are interested and paying.

Recommendations

On behalf of these many concerned consumers we urge you to amend the Carbon Pollution Reduction Scheme legislation to:

- a) remove the 2009 baseline and instead account for all GreenPower purchases as additional to the mandatory target;
- b) clearly define voluntary actions and the activities that will be considered under this definition for the purpose of counting them as additional to the mandatory emissions reductions target.
- c) require that voluntary actions result in the abatement of greenhouse gases additional to mandatory emissions reduction targets;
- d) retire a CPRS Permit and an Assigned Amount Unit (AAU) for every tonne of abatement from voluntary action;
- e) require that voluntary action is accounted for over and above the 2020 end point target; and
- f) develop complementary measures which describe the process by which voluntary actions will be accounted for and reported upon. And set a realistic timeframe for measuring emissions saved through voluntary action. An annual reporting timeframe is proposed as it would to inspire consumers and business to take even more voluntary action.



Responding to the Senate Standing Committee on Economics' Draft Bill Report

The Senate Standing Committee on Economics (the Committee) reported on the Draft CPRS Bill on 16th April 2009. In the report, the Committee recognised that there was considerable community concern that the CPRS as proposed by the government 'negates' voluntary action to reduce greenhouse gas emissions (Paragraphs 8.31-8.36).

Two of the Committee's six recommendations were in response to this conclusion.

8.37 The Committee recommends that the government develop policies complementary to the CPRS to encourage voluntary action.

8.38 The Committee recommends that the wording of section 14(5) of the CPRS Bill 2009 be amended so that in making recommendations on emissions caps the Minister "shall have regard" rather than "may have regard" to "voluntary action".

CHOICE welcomes the Committee's conclusion that voluntary action should be made additional and an important component of Australia's response to climate change.

However we believe that the Committee's second recommendation (8.38) is particularly weak and will not do anything to overcome this key problem. We are concerned that:

- a CPRS where the Minister 'must' consider the impact of voluntary actions *each five years* as one of a number of competing factors in setting future targets will be meaningless to consumers.
- the Committee's recommendation is that the Bill be amended to provide that the Minister 'shall have regard' to voluntary action, rather than 'may have regard' to voluntary action when setting new targets. But under a correctly designed process there would be no need for the Minister to have any discretionary or mandatory interest in voluntary actions.

Indeed the second recommendation's failure to adequately respond to the problem will undermine the effectiveness of implementing the first recommendation.

Simply put, the Bill should be amended to account for voluntary actions, and a process will need to be established to measure these.

CHOICE is encouraged by the Committee's recognition of the importance of voluntary action and the recommendation for the government to develop policies in this area. We look forward to working with the government to identify practical means to recognise and account for consumer's voluntary action.



Responding to key changes to Carbon Pollution Reduction Scheme Legislation

On Monday 4th May 2009 the Federal Government announced amendments to the CPRS legislation. Of particular interest to consumers was the announcement on voluntary action and GreenPower. The announcement stated:

“To recognise individual action in purchasing more GreenPower, the Government will take additional GreenPower purchases, above 2009 levels, into account in setting Carbon Pollution Reduction Scheme caps.”

And that:

“This will achieve emissions reductions beyond Australia’s national targets as it will be backed by the cancellation of Kyoto units.”

CHOICE welcomes the Federal Government’s acknowledgement that voluntary actions by consumers should be additional to the mandatory actions of the CPRS. The government’s decision to recognise voluntary actions by counting new GreenPower purchases as additional when setting CPRS caps, backed by the cancellation of Kyoto units, is a small first step to implement this recognition.

However, CHOICE and a great many Australian consumers are disappointed that the government has chosen 2009 as the baseline year for measuring GreenPower as a voluntary action and has failed to find any way of accounting for other voluntary actions.

This baseline effectively penalises the now one in nine (945,000) Australian households and 38,000 businesses that have been early actors in purchasing GreenPower. Consumers in purchasing GreenPower have demonstrated that they are committed to taking action to reduce Australia’s carbon emissions. They expect that their actions will make a difference. They recognise that their actions alone might be small but together with other Australians they expect to have an impact.

Other types of voluntary actions - from installing solar panels to replacing light bulbs - have been promoted by governments across Australia as an effective means of addressing climate change. Consumers have heard the call to adopt a variety of activities to reduce their emissions. No less than nine out of ten Australians³ report that they have taken some action to reduce their personal emissions. It is these very consumers who are likely to feel betrayed by government having learnt that their actions are not meaningful.

The government’s assertion that it “has listened to Australian households who have raised concerns that their individual efforts to reduce emissions will not be adequately taken into account under the CPRS” is simply not true. It is consumers who already purchase GreenPower and have taken other voluntary actions to reduce their carbon emissions that are making these demands, and it is these consumers who are yet to be heard.

CHOICE has received hundreds of emails from Australians who are already purchasing GreenPower and taking other voluntary actions to reduce their carbon emissions. The consumers who have sent these emails are hugely frustrated by the government’s announcement. I attach for you just some of their comments.

As you will recognise from the comments that we have received, consumers clearly believe that all actions to reduce their carbon emissions should be accounted for as voluntary actions. They are not distinguishing GreenPower from other voluntary actions that they have taken at their

³ AccountAbility & Net Balance 2008



personal expense and their interests will not be served by a CPRS scheme that does make that distinction.

We have been asked by some consumers if they should cancel their GreenPower now, and pick it up again in 2010. This is obviously ludicrous – a waste of time and money – and not something we feel would positively contribute to action against climate change, nor serve consumers' interests. Rather, we implore the government to recognise and reward the efforts of early actors and take all GreenPower sales and other voluntary actions into account.

Recommendations

On behalf of these many concerned consumers we urge you to amend the Carbon Pollution Reduction Scheme to:

- a. remove the 2009 baseline and instead account for all GreenPower purchases as additional to the mandatory target;
- b. clearly define voluntary actions and the activities that will be considered under this definition for the purpose of counting them as additional to the mandatory emissions reductions target;
- c. require that voluntary actions result in the abatement of greenhouse gases additional to mandatory emissions reduction targets;
- d. retire a CPRS Permit and an Assigned Amount Unit (AAU) for every tonne of abatement from voluntary action;
- e. require that voluntary action is accounted for over and above the 2020 end point target; and
- f. develop complementary measures which describe the process by which voluntary actions will be accounted for and reported upon. And set a realistic timeframe for measuring emissions saved through voluntary action. An annual reporting timeframe is proposed as it would to inspire consumers and business to take even more voluntary action.

As it stands, the amendments to *Carbon Pollution Reduction Scheme Bill 2009* will disempower and disengage consumers from effective involvement in Australia's response to climate change.

To discuss the matters raised in this letter, please contact Victoria Coleman on 02 9577 3265 or vcoleman@choice.com.au

Yours sincerely,

A handwritten signature in black ink that reads "G Renouf".

Gordon Renouf
Director, Policy & Campaigns

Attachment: A

CHOICE submissions to the Senate Standing Committee on Economics on the Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme on the 29th March 2009 (Submission 93#).

Attachment B:

Comments received from consumers in response to CHOICE's campaign *GreenPower: Keep It Real!*



GreenPower: Keep it real

What consumers are saying...

I WANT to make a positive difference and am prepared to pay for that. However, I WILL NOT pay to allow others to pollute with what I pay for. There are much better ways to actually reduce greenhouse gas emissions and we should do it because it is simply the right thing to do.

Voluntary action by individuals and small business should not just make it easier for big polluters to continue polluting. I want to make sure my actions make a difference.

As a household who adopted green power in the early days we are alarmed that our decision to support this industry is being undermined by government policy. Please don't discourage people like us who have been paying extra for no economic return. There are a lot of people doing without other things to do this. Please don't include GreenPower in the mandatory target & take away the incentive.

The actions the government are considering would undermine the GreenPower scheme and runs a very strong risk of wasting the money that I and others have set aside for carbon abatement. Unless all Greenpower is counted I will stop subscribing to it or any other Australian Government carbon abatement initiative and use the money to buy overseas carbon credits or private credits.

I'm on 100% GreenPower and will be for the entirety of 2009. I am infuriated that, because of [the government's] policy, the impact of my goodwill will be a net increase in emissions compared to if I had started using GreenPower in 2010.

We need to capture the value of our combined individual actions towards reducing greenhouse gas emissions and this is an important step.

After all the rhetoric about climate change leading up to the election I felt totally betrayed when the Prime Minister announced such weak targets for emissions reductions and the massive compensation for the major polluters. Then I learn that our solar panels and paying for 100% Greenpower will actually help the polluters. What a sham! The carbon lobby has obviously infiltrated this Government as much as it had the Howard Government.

Every action that each individual takes to reduce greenhouse gas emissions has to count, otherwise we might as well just give up. It is ridiculous to make individuals pay more to pollute less, while then allowing big business to pay less to pollute more. We are all in this together, and we all suffer when our environment is degraded.

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The little people are doing ALL the hard yards. As usual, big money and big polluters make NO sacrifices.

I want my choices to count. Companies that advertise or promote green anything falsely should be penalised to the fullest. Assistance to companies attempting to do the right thing should be supported. Why is buying green electricity supporting all the wrong things? It is self defeating and uninspiring. It also makes you less inclined to support green plans in case the same thing occurs.

If Kevin Rudd and Penny Wong don't correct the current design flaw of the CPRS, which makes it cheaper and easier for high emission polluters to keep polluting, their environmental credentials cannot be taken seriously.

Much more needs to be done about climate change before we suffer greater temperature increases and natural disasters. Households may need to reduce our perceived standard of living, business needs to cut profitability and governments need to stop pandering to business and developing impotent, populist policy. This is serious.

Government needs to get its act together and be proactive to save this planet before its too late!

I object to paying extra so the big polluters can continue to pollute. It seems the public is more interested in saving the planet than the Government is.

We are renovating our home and want to make choices that count towards reduced greenhouse gas emissions, but find the conflicting information messages often confusing and frustrating. Can't we put the good of our Earth before the spin and the politics?

Significant thought, energy and finance are sacrificed by individuals during difficult times in order to be accountable and responsible and therefore deal with the critical issue of greenhouse gas emissions. That this significant effort only counts towards reducing the accountability and sacrifice of big business is demoralising and unethical. With this legislation in place, no matter how many individuals contribute, and no matter the magnitude of their personal sacrifice, no difference will be made to the critical carbon emissions produced by Australia as a nation. I believe that is the last thing to motivate anyone (especially 'big business') to make their best effort.

The more incentive there is for households to be green, the greener society will be! It's CHEAPER in the long run.

If the government is sincere in its stand against climate change and the environment generally, it will ensure that the people that are investing their money to help the environment are not being "slapped in the face". It just doesn't make sense that in a state like Queensland, with so many "sun" hours, that solar hot water and solar power are not HEAVILY subsidised, so that the option



is available to everyone... but I suspect the money the government receives from these polluting industries "speaks loudly"...

As a family we have taken significant efforts to reduce our consumption of energy and water. We are not at all happy that our efforts over many years could be used by others to reduce their contribution.

We will be considering the outcome of all political parties policies at elections (local to federal). The environment is a **key** voting issue for us.

The general issue of profligate waste of resources, including energy, is a serious one regardless of ones view on the Greenhouse effect (which we do think is only too real).

Tricky deals, or legislative oversights, will be remembered in this household.

How can it be reasonable that people like me (and many I know) make personal sacrifices like cutting out air travel, using public transport, spending up on photovoltaics just to find it will make not difference. It is deeply insulting to those of us who have demonstrated how much we care about protecting our wonderful Earth.

I have bought 100% GreenPower for a number of years to support the development of Australia's renewable energy industry and to decrease my environmental impact. It is unfair that my purchase of renewable energy to avoid greenhouse gas emissions will help some polluter to emit more!

I voted for the Labor government in the last Federal Election. I want the Labor government to fulfill the environmental mandate that voters handed to them - fair and responsible environmental action with care for our future. I don't want to be let down!

I think it is more important to have to have a rigorous strong target - in line with what the science tells us is needed, but whatever target we have, we must design our scheme so that individual actions can and will make a difference.

I am deeply concerned that the carbon reduction measures I have introduced in our home and home-based business will be negated by the (draft) legislation as proposed. Despite my strong belief that greenhouse gases must be reduced and are the individual responsibility of us all I feel my efforts are being undermined. This is a strong disincentive for me and the wider community to invest in further measures that will help our country to exceed the weak targets as proposed by the Rudd government. I will have to seriously consider the real value in investing further to reduce our carbon footprint.

It is, as you say, insane that big polluters are given the right to expand their polluting to the extent we reduce it, the government must be mad, given that if we don't do anything about reducing global warming Australia maybe uninhabitable by 2050 (*New Scientist* , 28 feb 2009)



This is ludicrous. People are forking out more cash to increase the demand for renewable energy, and to lower their household emissions - and the goose that designed the CPRS does not think this is worthy. That's rubbish! I say amend the CPRS to ensure GreenPower sales reduce the number of permits available to the major emitters.

The CPRS in its present form disempowers consumers and will lead to apathy and disillusionment that action to reduce emissions by individuals in Australia will make no difference to the total emissions of the country.

Consumers expect more from a CPRS in terms of setting ambitious targets and making everyone's efforts count. Let's get it right - fix the scheme and let us show that we are up for a real carbon reduction challenge.

I purchased greenpower to ensure green house gases would be reduced, - every little bit counts! I am horrified to hear that big businesses can receive carbon polluting power for a cheaper price. They are obviously not being encouraged to reduce their power usage and my good intentions are therefore negated. This is corrupt and needs to be addressed urgently!!

I expect the government to introduce measures that will help all householders reduce their greenhouse gas emissions and, moreover, to REQUIRE that they do so! Please Mr Rudd, take the lead to change our culture!

Federal Government must change the proposed emissions trading scheme to make voluntary actions count. If they dont, it would change the way I vote - and I am sure the many thousands of others who have made a big effort to reduce our emissions would feel the same.

We are voluntarily switching to solar power and hot water in our own home at considerable cost because it's the right thing to do! Make Big Business responsible too!!

I wasn't aware of this flaw in the carbon trading scheme. I want my efforts to reduce my carbon footprint to make a difference, not give big industry polluters an escape clause. Please plug this gaping hole in the system.

It's important to encourage everyone (individuals, governments, companies) to conserve resources, because they are finite.

The whole point of having a CPRS is to reduce emissions, not to subsidise big business to keep on producing more emissions.

My efforts to reduce emissions are to protect the planet for my children; not give a free ride to polluters. I want my efforts to make a difference for my kids.



In order to gain credibility within the community, it is essential that the CPRS ensures that personal, family and local actions to mitigate climate change are additional. Obviously, some fossil-fuel reliant businesses don't like being pressured to make substantial change, but they need to do so. National legislation and policy needs to apply firm pressure, not prop up industries that are increasingly leading us into real problems with climate. That is the whole point of the legislation. There is no point trying to make everyone happy on this. Legislation that is too even handed and balanced will not reduce carbon emissions. You have to tip the scales so that fossil fuel industries phase out.

I'd like to declare how staggered I am by the ineptitude of creating a scheme which will (in its current form) actually have a detrimental impact on community actions to reduce Carbon Dioxide emissions.

Why the Federal Government hasn't already made changes to the proposed system is beyond me! Why do Ministers not use common sense?

Please fix the broken CPRS before it becomes law. It is beyond stupidity to think the Australian people will accept a situation whereby anything they do to reduce greenhouse gas emissions will not achieve any additional greenhouse savings but, rather, will merely result in subsidies for the big polluters.

We currently subscribe to green energy through our electricity provider, and we have included solar cells and a solar hot water system in our 2009 renovation plans. This is because we want to do our bit for the planet. Please don't allow others to pollute more just because we choose to pollute less. It reduces an individual's power to make meaningful change, and that is just plain unethical.

Very disheartening to know my efforts just allow big polluters to pollute more... Strengthens the hands of the cynics in households and workplaces who think there's no point doing anything because the planet is stuffed anyway.

With green power I want to buy and invest into energy produced by wind, water & sun. To think that my contribution actually supports high emission industries is revolting.

I thought this Government would get it right.....It won't stop me from making an effort to be more environmentally responsible, but it will make me think twice about who I vote for next time!

When is the government going to start listening to people and scientists? Real, urgent action on climate change is what Australians need and want.

Let's do this right way, the correct way for all people and beings; we share this planet... for all time, for everyone!



I would rather not claim a rebate than subsidise big businesses to continue polluting. Promote solar power. Make it cheap. Put it in every roof. It will create jobs and put Australia ahead of the competition. It will happen sooner or later and we will be behind the game. Get real Mr Rudd!

Why is it that consumers need to shoulder the burden of carbon emissions and not those directly responsible for them ie power generation and big business. Please don't make this another issue of the tail wagging the dog.

The target set is much too low and should not effectively be reduced by ignoring voluntary actions of consumers.

I want my solar panels to count, not be flooded by a slack energy industry.

How incompetent. This plan should be amended immediately!

I want to know that the solar panels I've installed on my roof will really make a difference, and not help big business to get off the environmental hook.

It would be far simpler to convert our coal fired power stations to solar thermal power stations with energy storage than running the flawed carbon trading scheme. If we phase out coal fired power stations we would reduce emissions by ~ 50%

I subscribe to 100% green power both at home and in my small business...I also voted Labor in the hopes that they would do something significant to help curb global warming. The CPRS is a grave disappointment and negation of my personal concerns and those of all other Australians who are doing their bit and expect the government they helped elect to also do it's bit.

I have a solar hot water system, water tanks, recycle and do my bit. I was ready to purchase GreenPower but am now reluctant due to this information. Please review the current CPRS. Average citizens will not continue with environmentally friendly practices if they amount to nothing.

Please listen to the people, not the big corporations when setting climate change policy. It is our country, not theirs.

Individuals already feel that climate change is too large a problem and that changes they make will not make much difference to the current situation. The government needs to do all it can to empower individuals and households so that people feel like their actions count.

I can't believe that the government is letting this scheme act in this way. This is not promoting people to take small green steps. These small steps all add up. However it is extremely



disheartening when the scheme of your own government counteracts your hard work. Please amend the scheme so that we don't regret it and mopping up this mess for decades to come.

We happily paid over \$18000 to install pv cells and solar hot water wanting to make a significant contribution to a cleaner world. We've been slapped in the face by this policy. Please make our contributions count as additional to the mandatory target.

Unfortunately, Australia leads the world on climate change. It is time that we lead the world on tackling climate change.

Words and rhetoric are meaningless unless they are accompanied by meaningful action. If you are serious about these measures then do it properly.

As a resident of northern Victoria I face being among the first wave of Australian climate change refugees as my home town's water supply dries up. I have taken responsibility for my own impacts on the climate and laid out additional costs for Green Power, efficient globes, a bicycle, insulation and solar hot water only to find that this will count for nothing under your legislation. Please do whatever you can to prevent my and other's efforts being made meaningless.