

John Hawkins, Committee Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Submitted by email: climate.sen@aph.gov.au

April 8, 2009



Re Submission: Senate Select Committee on Climate Policy

Dear Mr Hawkins,

Thank you for the opportunity to comment to the Select Committee on Climate Policy to inquire into policies relating to climate change.

The submission overleaf details the views of the Climate Action Network Australia regarding the five particular issues outlined in the terms of the inquiry.

The Climate Action Network Australia (CAN A) is the peak body of non-government organisations seeking an effective response to climate change, with 66 member organisations. These organisations represent the faith, community, development, and environmental movements, as well as the research community. CAN A is the Australian arm of the Climate Action Network International, represented in over 80 countries. A list of member organisations endorsing this submission is included on the end page of this submission.

The main aspects of CAN A's submission are:

- If global warming is to be kept as far below 2°C as possible, Australia must aim for at least 40 percent by 2020 and at least 95 percent by 2050 (below 1990 levels).
- CAN A will support the introduction of an effective scheme if it is designed to effectively, efficiently and equitably achieve significant reductions in greenhouse gas emissions.
- There are significant design flaws in the proposed CPRS which must be addressed, including providing compensation to the biggest polluters, creating emissions permits as property rights, placing an artificial limit on the cost of pollution, allowing unlimited trading of permits on the international market. and setting a limit on emissions reductions so that any voluntary action to cut emissions will free up permits to allow heavy industry to continue polluting.
- The Government must not overcompensate existing polluting industries as it effectively discourages them from creating jobs growth in green industries, such as energy efficiency, demand management and low-carbon industries.

In addition to the submission, an open letter to Prime Minister Kevin Rudd critiquing the proposed Carbon Pollution Reduction Scheme, is attached as an appendix. This letter was sent to PM Rudd on March 8, 2009 and was signed by 24 non-government organisations.

This submission is not confidential and can be made publicly available.

CANA is happy to provide further information or clarification on any of the issues raised in this position paper and on broader climate change policy.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Nina L. Hall". The signature is fluid and cursive, with the first name "Nina" being the most prominent part.

Nina L. Hall

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Senate Select Committee on Climate Policy

Submission from the
Climate Action Network Australia
April 2009

This submission details the views of the Climate Action Network Australia regarding the five issues outlined in the terms of the inquiry.

a. The choice of emissions trading as the central policy to reduce Australia's carbon pollution, taking into account the need to:

- i. **reduce carbon pollution at the lowest economic cost;**
- ii. **put in place long-term incentives for investment in clean energy and low-emission technology;**
- iii. **contribute to a global solution to climate change.**

A robust carbon price signal will place a cost on emissions and assist Australia's economy to move to a low emissions future. There are significant and fundamental problems with the Carbon Pollution Reduction Scheme (CPRS) in its proposed form which prevent it from achieving this. These concerns are outlined under item 'c' and in the Appendix.

CANA will support the introduction of an effective scheme which is designed to effectively, efficiently and equitably achieve significant reductions in greenhouse gas emissions. A number of key tests must be met to do this:

1 Emissions Trading Scheme Target

CANA's key objective is to reduce greenhouse gas emissions effectively, equitably, and rapidly. To achieve this aim, our member organisations are seeking the following emission reduction targets:

- By 2010, emissions to peak and decline thereafter.
- By 2020, at least 40 percent below 1990 levels.
- By 2050, at least 95 percent below 1990 levels.

This target of at least 40 percent reductions by 2020 is consistent with the Climate Action Network International's agreed proposal by 430 non-government organisations worldwide. This international network has stated that 'developed countries must adopt an aggregate reduction target of more than 40% by 2020 below 1990'.

2 Timing

The emissions trading scheme must start no later than 1 July 2010.

3 Permit Allocation

The fairest, most economically efficient and transparent approach is for 100% of permits to be auctioned from the outset of the emissions trading scheme. No permits should be given away for free.

4 Adjustment Measures for Trade-Exposed Energy-Intensive Industries and their workers

The need for any adjustment assistance should be subject to a rigorous, transparent assessment process and take into account any existing subsidies or favourable tax treatment.

5 Coverage

The emissions trading scheme should cover all major emissions sources for which it is practical to measure emissions with the accuracy needed to support a robust emissions trading scheme. At least 70% of Australia's emissions should be covered. Complementary measures will be needed in both covered and non-covered sectors to maximise emission reduction efficiencies and the speed at which reductions are initiated.

6 Penalties and safety valves

The penalty rate must be set to encourage compliance, be well above the anticipated market price of permits and increase over time. The penalty rate should not be used as a 'safety valve'.

7 International Links and Offsets

The majority of effort should be directed at reducing Australia's domestic emissions by at least 40% by 2020 (on 1990 levels). There should be limits to the amount and type of credits allowed, or if more credits are to be allowed the targets should be increased commensurately.

8 Governance

An independent regulator should be established with sufficient powers to ensure the emissions trading scheme rules are enforced, audits are conducted and penalties paid.

Further details on these key tests are provided in the document authored by CANA and its member organisations, 'Key Tests for an Emissions Trading Scheme', available at http://www.cana.net.au/Policies_positions/ETS_Key_Tests_final_b&w_050308%5B1%5D.pdf.

b. The relative contributions to overall emission reduction targets from complementary measures such as renewable energy feed-in laws, energy efficiency and the protection or development of terrestrial carbon stores such as native forests and soils.

- **Support for a renewable energy feed-in tariff:**

CANA strongly supports the development and use of renewable energy and has been promoting the need for policy support for renewable energy for over a decade. CANA believes that its widespread adoption is essential for Australia to lead the way in greenhouse gas emissions reductions. A feed-in tariff will act as a strong mechanism to encourage this. A feed-in tariff must be designed to ensure:

- The objective of the tariff must be to reduce greenhouse gas emissions.
- The tariff should be payable on gross production.
- The feed-in tariff should have a variable rate that is higher during peak demand.
- The electricity retailer should pay the photovoltaic owners.
- The Government should guarantee a fixed tariff for a minimum of 20 years.
- The feed-in tariff should be applied to all renewable energy technologies at any scale and to all users.

- ***Energy Efficiency***

A National Energy Efficiency Target of zero energy growth by 2010 with an annual 1.5 percent reduction to 2020 would provide an achievable and measurable goal. Saving energy by becoming more efficient and managing demand is the cheapest and quickest way to achieve substantial cuts in greenhouse emissions. Not only is it cheaper than investing in more power stations and power lines, it also reduces energy costs for householders and businesses, benefiting the economy as a whole.

According to a comprehensive review of energy efficiency potential, Australia could reduce energy use by up to 30% immediately using off-the-shelf technologies with an average payback time of four years, and with immediate economic benefits. However, energy efficiency and demand management have suffered from a chronic lack of attention at all levels of Government. Despite this, in 2007, energy efficiency contributed more than \$9.8 billion per annum to the Australian economy and employs 58,000 people.

While the current National Framework on Energy Efficiency (NFEE) introduced some measures such as building standards, equipment performance standards and industrial energy efficiency assessments, its progress suffers from lack of attention by core greenhouse and energy decision makers. Energy efficiency has no existence in legislation and lacks aspirational targets and performance indicators.

- ***Protection and development of native forest biomass***

Deforestation and land-clearing make a significant contribution to climate change because carbon stored in plant matter returns to the atmosphere in the form of CO₂ or methane when it burns or rots.

According to the IPCC, land use change has contributed to approximately 40% of global anthropogenic accumulations of CO₂ in the atmosphere since the industrial revolution. Currently approximately 20% of global emissions are estimated to come from tropical deforestation and in Australia approximately 9% of emissions come from loss of native vegetation due to land clearing. The level of emissions from forestry operations is not adequately measured but emerging evidence suggests logging of old growth and high conservation value native forests is also a significant contributor.

There are three strategies which governments should implement:

1. Protecting the current stocks of carbon in forests and woodlands, and avoiding depletion of these stocks through emissions associated with clearing, forest logging, soil disturbance and regeneration burning;
2. Allowing forests to reach their optimum carbon carrying capacity by the cessation of logging that removes large old trees that store most of the above ground carbon and thus restoring the forest's current carbon stocks; and
3. Further increasing the stock of carbon stored in Australian ecosystems by promoting permanent native vegetation restoration, including commercially focused re-forestation, especially on already cleared marginal agricultural land.

Given that native forests are not logged nor managed sustainably across Australia, native forest wood waste should not be included as a source of renewable energy generation. Instead, the high potential for native forests to be used as a carbon sink should be explored. A Renewable Energy Target should specifically exclude native forest biomass as a source of renewable energy.

c. Whether the Government's Carbon Pollution Reduction Scheme is environmentally effective, in particular with regard to the adequacy or otherwise of the Government's 2020 and 2050 greenhouse gas emission reduction targets in avoiding dangerous climate change.

CANA strongly supports the rapid introduction of an effective scheme to deliver the emissions cuts necessary to avoid catastrophic climate change that will provide long term economic security for Australia, will send a signal to the rest of the world that Australia is ready to show the leadership needed to reach a global agreement in Copenhagen, and is based on polluter pays principle.

However, there are significant and fundamental problems with the Carbon Pollution Reduction Scheme (CPRS) in its current form which prevent it from achieving this.

CANA is deeply concerned by the Australian Government's proposed 5 to 15 percent emissions reduction target range for 2020. The adoption of such a low 2020 target by Australia will seriously weaken the prospect of a strong global agreement in Copenhagen in December. If adopted globally, this target would not avoid the worst impacts of climate change.

CANA notes that in 2007, the Intergovernmental Panel on Climate Change indicated that developed countries as a group need to reduce their emissions by between 25 per cent and 40 per cent below 1990 levels by 2020 to help keep global greenhouse gas concentrations below 450ppm.

Leading climate scientists have recently indicated that the rate of emissions has increased in the past decade and cuts need to be deeper and faster if we are to avert catastrophic climate change and save areas such as the Great Barrier Reef and the Murray-Darling from permanent devastation.

There are significant design flaws in the CPRS which must be addressed, including:

- Providing compensation to the biggest polluters which is excessive and grows rather than shrinks over time. Requiring big polluters to pay their fair share would mean that auctioning revenue can be directed to building for the future including assisting developing countries adapt to the unavoidable impacts of climate change;
- Creating emissions permits as property rights and undertaking to pay big polluters for five years if a decision is needed to cut emissions more quickly than anticipated. This could require massive public payments;
- The inclusion of a price cap which places an artificial limit on the cost of pollution;
- Allowing unlimited trading of permits on the international market. This means that all emissions reductions can be outsourced to other countries, allowing business as usual in Australia;
- Setting a limit on emissions reductions so that any voluntary action to cut emissions will simply free up permits and allow heavy industry to keep on polluting.

The proposed CPRS locks in failure for the next ten years. Half measures are not enough. The costs of inaction will be greater than the costs of action. CANA recommends that the Government places interests of current and future generations of Australians ahead of the interests of big polluters, and mandate strong emissions reductions now.

d. An appropriate mechanism for determining what a fair and equitable contribution to the global emission reduction effort would be.

Australia's emissions reduction targets must be based on the best available science and aim to avoid the worst impacts of climate change. This means that the (now inevitable) global warming must be kept as far below 2°C as possible. To give the world the best chance of achieving this, greenhouse gas concentrations in the atmosphere must be stabilised at or below 400 parts per million of CO₂ equivalence.

Australia must do its fair share to achieve global stabilisation of the climate. The IPCC has identified that to keep warming between 2°C and 2.4°C developed countries emissions must peak by 2010 and then fall 25 to 40% below 1990 levels by 2020. This was recognised by the Australian Government at the United Nations' Climate Change Conference in Bali in December 2007. If we are to keep warming at a safe level, as far below 2°C as possible, then Australia must aim for at least the top end of this range, and we need the IPCC to identify new below 2°C pathways.

CANA's key objective is to reduce greenhouse gas emissions effectively, equitably, and rapidly. To achieve this aim, our member organisations are seeking the following emission reduction targets:

- By 2010, emissions to peak and decline thereafter.
- By 2020, at least 40 percent below 1990 levels.
- By 2050, at least 95 percent below 1990 levels.

e. Whether the design of the proposed scheme will send appropriate investment signals for green collar jobs, research and development, and the manufacturing and service industries, taking into account permit allocation, leakage, compensation mechanisms and additionality issues.

Australia has strong natural advantages and great opportunities for growth in green industries, with great export potential. To develop a lead in these industries, government needs to both limit the compensation to fossil fuel industries and to create the right mix of policies to generate both technology push and market pull.

The compensation opportunities offered to greenhouse polluting industries under the proposed CPRS are overly generous and could effectively discourage investment in energy efficiency, demand management and low-carbon industries. This will simultaneously and unfairly disadvantage those entrepreneurs and investors who are required to pioneer these cleaner energy industries.

Authored by Nina L. Hall
National Coordinator,
Climate Action Network Australia
April 8, 2009

Appendix:

An open letter to Prime Minister Kevin Rudd

March 8, 2009

Dear Prime Minister Rudd,

We, the undersigned, representing over 24 NGOs and community organisations, urge you to intervene and send the proposed Carbon Pollution Reduction Scheme (CPRS) back to the drawing board for urgent redesign.

We strongly support the rapid introduction of an effective scheme which is based on the polluter pays principle, will deliver the emissions cuts necessary to avoid catastrophic climate change, will provide long term economic security for Australia and will send a signal to the rest of the world that Australia is ready to show the leadership needed to reach a global agreement in Copenhagen.

However, there are significant and fundamental problems with the CPRS in its current form which prevent it from achieving this.

We are deeply concerned about the Australian Government's proposed 5 – 15 per cent emissions reduction target range for 2020. The adoption of such a low 2020 target by Australia will seriously weaken the prospect of a strong global agreement in Copenhagen in December. If adopted globally, this target would not avoid the worst impacts of climate change.

We note that in 2007, the Intergovernmental Panel on Climate Change indicated that developed countries as a group need to reduce their emissions by between 25 per cent and 40 per cent below 1990 levels by 2020 to help keep global greenhouse gas concentrations below 450ppm.

Leading climate scientists have recently indicated that the rate of emissions has increased in the past decade and cuts need to be deeper and faster if we are to avert catastrophic climate change and save areas such as the Great Barrier Reef and the Murray-Darling from permanent devastation.

There are significant design flaws in the CPRS which must be addressed, including:

- Providing compensation to the biggest polluters which is excessive and grows rather than shrinks over time. Requiring big polluters to pay their fair share would mean that auctioning revenue can be directed to building for the future including assisting developing countries adapt to the unavoidable impacts of climate change;
- Creating emissions permits as property rights and undertaking to pay big polluters for five years if a decision is needed to cut emissions more quickly than anticipated. This could require massive public payments;
- The inclusion of a price cap which places an artificial limit on the cost of pollution;
- Allowing unlimited trading of permits on the international market. This means that all

emissions reductions can be outsourced to other countries, allowing business as usual in Australia;

- Setting a limit on emissions reductions so that any voluntary action to cut emissions will simply free up permits and allow heavy industry to keep on polluting.

The proposed CPRS locks in failure for the next ten years. Half measures are not enough. The costs of inaction will be greater than the costs of action. We urge you to put the interests of current and future generations of Australians ahead of the interests of big polluters, and mandate strong emissions reductions now.

Signed:

- Australian Conservation Foundation
- World Vision
- Greenpeace Australia Pacific
- Climate Action Network Australia
- Oxfam Australia
- Environment Victoria
- National Parks Association of NSW
- Rising Tide
- Cairns and Far North Environment Centre
- OzGreen
- Climate Change Balmain Rozelle
- Locals Into Victoria's Environment
- Moreland Climate Group
- North Shore Climate Action
- C4 Healesville
- Upper Yarra & Dandenongs Environment Council
- Women's Environment Network Australia
- Tarrangower Branch Mount Alexander Sustainability Group
- Dandenong Ranges Renewable Energy Association
- Ballina Climate Action Network
- Broadwater Community Dunecare group
- Epping Beecroft CAG
- Earthsharing Australia
- Greenleap Strategic Institute

About the Climate Action Network Australia

Climate Action Network Australia (CANA) is the peak non-government body working on climate change in Australia, and works as an alliance of 66 non-government organisations concerned about global warming from diverse sectors. These member organisations represent the faith, community, development and environmental movements, as well as the research community. CANA, in turn, belongs to the global Climate Action Network (CAN) which has representative groups in more than 80 nations, in every continent.

As the first comprehensive non-government voice on climate change in Australia, CANA has been working since 1998 to increase the understanding of climate change, and to encourage governments, businesses and individuals to undertake actions to reduce greenhouse gas emissions, and their climate change impacts. For further information, visit www.cana.net.au. CANA's member organisations include:

Environment and Climate Organisations (international)

- [Climate Action Network - Global](#)
- [Friends of the Earth](#)
- [Greenpeace Australia Pacific](#)
- [The Pew Charitable Trusts](#)

Environment Organisations (national)

- [Australian Marine Conservation Society](#)
- [Australian Student Environment Network](#)
- [The Wilderness Society](#)

Environment, Human Rights and Youth Organisations

- [The Australia Institute](#)
- [Australian Youth Climate Coalition](#)
- [GetUp!](#)
- [Mineral Policy Institute](#)

Aid and Development Organisations

- [Aidwatch](#)
- [Caritas Australia](#)
- [Jubilee Australia](#)
- [Oxfam Australia](#)
- [Tear Australia](#)
- [World Vision Australia](#)

Faith-based Organisations

- [Australian Religious Response to Climate Change](#)
- [Catholic Earthcare Australia](#)
- [Edmund Rice Centre](#)
- [Sisters of the Good Samaritan](#)
- [Sisters of Mercy - Earth Link](#)
- [Social Action Office](#)

Renewable Energy and Energy Efficiency Organisations

- [Australian & New Zealand Solar Energy Society](#)
- [Moreland Energy Foundation](#)
- [Urban Ecology Australia](#)

Legal and Research Organisations

- Climate change research cluster, School of Health and Social Development, Deakin University
- [Environmental Defender's Office New South Wales \(Ltd\)](#) (Assoc. Member)
- [Institute of Environmental Studies, University of NSW](#)
- [Institute for Sustainable Futures, University of Technology Sydney](#) (Assoc. Member)

Environment Organisations (state-based)

- [Cairns and Far North Environment Centre](#)
- [Conservation Council of South Australia](#)
- [Conservation Council of the ACT and Region](#)
- [Conservation Council of Western Australia](#)
- [Environment Centre of the Northern Territory](#)
- [Environment Tasmania](#)
- [Environment Victoria](#)
- [National Parks Association of NSW](#)
- [Nature Conservation Council of New South Wales](#)
- [Sustainable Living Tasmania](#)
- [Total Environment Centre](#)

Environment Organisations (regional)

- [Arid Lands Environment Centre](#)
- [Central West Environment Council](#)
- [Environment East Gippsland](#)
- [North Coast Environment Council](#)
- [Sunshine Coast Environment Council](#)

Environment and Climate Organisations (grassroots)

- [Association for Berowra Creek](#)
- [Bathurst Climate Action Network](#)
- [Climate Action Coogee](#)
- [Climate Action Newcastle](#)
- [Climate Action Newtown](#)
- [Climate Action Pittwater](#)
- [Climate Action Tomaree](#)
- [Climate Action Now Wingecarribee](#)
- [Climate Change Australia](#)
- [Climate Change Balmain Rozelle](#)
- [Climate Emergency Network](#)
- [Orange Climate Action Now](#)
- [ParraCAN \(Parramatta Climate Action Network\)](#)
- [Rising Tide Newcastle](#)
- [Wollongong Climate Action Network](#)

[Climate Action Network Australia](#)



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