



Submission: Exposure draft of the Carbon Pollution Reduction Scheme legislation

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Carbon Pollution Reduction Scheme Bill

Part/s	Division/s	Clause/s	Comment
1		3 (4) (a) (ii)	To prevent the 2020 target being constrained to 15%, the clause should be removed that stipulates the third object of this Act is to take action directed towards meeting Australia's targets of reducing greenhouse gas emissions to between 5% and 15% below 2000 levels by 2020. Instead, use s15 (Australia's international agreements and a goal of less than 450ppm) as the main drivers for the setting of caps and gateways.
2		14 (c) (i)	The current legislation states that the scheme 'may have regard to the principle that the stabilisation of atmospheric concentrations of greenhouse gases at around 450 ppm of carbon dioxide equivalence or lower is in Australia's national interest'. To ensure that it plays a greater part in the setting of caps, it is recommended that this be elevated to the position of a mandatory relevant consideration and state 'less than 450 ppm...'
4	3		An amendment is required under 'Kyoto Units' to restrict the use of eligible international emissions units by any liable entity to a certain percentage of their liability.
6	2		An additional section should be added to allow the regulations made for the purposes of the reforestation scheme to make provision for the limitation of Australian emissions units issued in relation to reforestation activities or their surrender. The legislation could impose a limit on the number of reforestation units issued, or impose a limit on the number of reforestation units a liable entity is permitted to surrender for compliance with the Scheme.
8	1	165	The draft Bill contains several mechanisms that could potentially facilitate a phase out of the EITE compensation/assistance. It is preferable that these provisions are replaced by an explicit provision requiring the program to be phased out if an expert advisory committee so recommends or as a result of international developments.
8	2	167	There is no reference in the legislation to the attachment of conditions to EITE assistance and hence no ability to attach conditions to the provision of free permits. The draft Bill should be amended to explicitly allow the Minister to attach conditions to the provision of EITE assistance. Firstly, it is recommended that s10 of the <i>Energy Efficiency Opportunities Act 2006</i> be amended to stipulate that liable entities under that Act includes all facilities liable under the CPRS. Additional conditions should be attached to EITE assistance under the CPRS legislation could include requirements that all EITE recipients publicly report all profits made from the issue of free permits and that all profits made from free permits be invested in low emission technologies.
8	2	167	A similar mechanism to s187 should be introduced for EITE entities to stipulate that a generation asset passes the windfall gain test.
8	2	167	The legislation should be amended to include a provision that requires EITE entities to develop and implement a strategy for reducing emissions as a condition of EITE assistance. Additionally, an annual progress report relating to the implementation of this strategy should be sent to the Australian Climate Change Regulatory Authority, and the regulations could prescribe the content and form of such a strategy as well as guidelines prescribing the content of the annual progress report
25	2	353 (3)	The intention for each subsequent review be completed within 5 years should be amended to increase the frequency of reviews.
Rec'd	Amend-	Ments	The draft Bill does should be amended to address expenditure allocation of the revenue raised from auctioned permits under the Scheme.

General comments

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 the 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 5-15% 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% and 40% below 1990 levels by 2020 to help keep global greenhouse gas concentrations below 450 ppm.

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, the Murray-Darling and WA's south-west forests from permanent devastation.

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

1. 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;
2. 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;
3. The inclusion of a price cap which places an artificial limit on the cost of pollution;
4. 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;
5. 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.

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

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:

1. By 2010, emissions to peak and decline thereafter.
2. By 2020, at least 40% below 1990 levels.
3. By 2050, at least 95% below 1990 levels.

This target of at least 40% 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.

Please return **by 5pm (AEST) on 14 April 2009** to:

The CPRS Exposure Draft Team
Emissions Trading Division
Department of Climate Change
GPO Box 854, Canberra ACT 2601
Email: emissions.trading@climatechange.gov.au

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 House](#)
- [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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