




Knowledge Influence Support

CHAMBER OF COMMERCE
AND INDUSTRY
WESTERN AUSTRALIA

Policy Submission

Climate Change Policy Principles

Making it easier to do business



The Chamber of Commerce and Industry of WA (CCI) considers that any climate change policy should incorporate a national market based solution that minimises regulatory impacts and does not distort the Australian economy. Since Australia is unable to affect climate change outcomes alone, it is imperative that this country's climate change policy can be integrated into a global approach and that it addresses aspects of adaptation in addition to abatement and mitigation.

Climate change policy has the potential to significantly impact the WA economy because of its industry structure and export focus. WA's economy is dominated by the energy intensive resources industries (mining represents more than 30 per cent of total output), and these industries are expected to be the driving force behind the state's future growth and development.

CCI will assess the merits of any climate change policy proposals against the following key criteria:

- Australia's response to climate change must not diminish the nation's **international competitiveness**. CCI remains concerned as to the extent that some industry sectors may be placed at an international competitive disadvantage. This could result in carbon leakage whereby investment and business activity moves offshore to avoid Australian carbon costs.
- Since Australia is unable to affect climate change outcomes on its own, Government must develop climate change policy that protects Australia's economy but is part of a **global solution** and positioned to **allow co-operative engagement with other leading world economies** to achieve climate change abatement, mitigation and adaptation. Australia's response must be proportionate.
- Broad-based, revenue neutral **market solutions** must be adopted to ensure that least-cost abatement and mitigation is achieved. Allowing the market to determine the path towards emissions reductions will ensure capital is invested appropriately and encourage technological innovation. Regulation of emissions should only occur where market failure exists.
- Climate change policy should effect a **change in behaviour** leading towards a low carbon economy. If the Government sets a carbon price, it should be high enough to alter behaviour or it will simply be a tax that does not lead to change. It should also be low enough to avoid damaging the competitiveness of the Australian economy.
- Climate change policy should be **stable, predictable and minimise complexity** in order to provide **certainty**. It should have a long term perspective.
- **Economic distortions** that could negatively impact upon the economy's ability to generate jobs and wealth **must be avoided**.
- Adequate **assistance and support** should be provided to business to aid the transition to a low carbon economy.

- Small and medium business must be provided with sufficient **education and support**.
- Climate change policy should be integrated with **well-designed energy policy**. **Australian-based technological innovation** that delivers efficient and sustainable energy should be encouraged. Long-term energy security is of paramount importance to industry. Climate change policy should be based on a long term strategy that encourages investment in developing energy solutions that will help to ensure long-term energy security.
- **Mitigation and abatement opportunities** should not necessarily be limited to the implementation of a market based scheme. It should also allow recognition of innovative complementary measures where market failures exist.
- A **single, consistent national response** to climate change policy should be adopted. Multiple local, state and federal schemes impose additional compliance costs on business, and can distort the impact of a national market-based scheme. In addition, **non-complementary State and Federal policies** that are not directly linked to climate change policy, but are incompatible with its objectives, should be abolished.
- The use of a wide range of **national and international offsets** should be permitted to achieve lowest cost abatement.
- **Early movers** who have already reduced their emissions should not be disadvantaged.

Adaptation must form a component of the Government's overall response. This should include consideration of infrastructure planning and construction, insurance and business continuity, agricultural effects, extreme weather events, health, human capital and social impacts. Ensuring that Australian communities, and the businesses that support them, are able to adapt and grow within the context of a changing climate must form part of the Government's overall climate change policy platform. Effective stakeholder engagement must be undertaken.