

Senate Standing Committees on
Economics PO Box 6100 Parliament
House Canberra ACT 2600

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By email: economics.sen@aph.gov.au

SUBMISSION TO THE SENATE STANDING COMMITTEE ON ECONOMICS: INQUIRY INTO THE DRAFT CLEAN ENERGY LEGISLATION AMENDMENT (INTERNATIONAL EMISSIONS TRADING AND OTHER MEASURES) BILL 2012 AND RELATED BILLS

Established in 1991, Sustainable Business Australia (SBA) is a non-partisan peak body and business think tank that educate, incubate and advocate sustainable businesses who champion an enterprise model bringing mutually beneficial value to the business, the citizen, the environment and economy. Further information on our Mission is attached.

SBA welcomes and thanks the Committee for its invitation to make this submission.

In brief, SBA:

- supports the Government's removal of the floor price and surrender charge
- believes the linking arrangements between Australia and the EU will strongly influence similar agreements with other emission trading markets. That is why the Australian government, in pursuing linkage with the EU-ETS, must ensure that the full implications (domestic and bi-lateral as well as multi-lateral) of what is proposed are considered. This will require a comprehensive consultation mechanism with business as aspects of the linkage treaty are considered.
- considers Australia's approach to its own Kyoto target may affect the treaty negotiations over EU emission trading scheme linkage. For example, the BCA argue that the proposed limit on use of eligible Kyoto units (i.e. only 12.5% of the 50% allowance for use of international permits) is an unwarranted additional cost to business and a high cost to be paid as a trade off for a possible linkage to the EU-ETS. While SBA does not totally agree with this stance, it does recognise that this limit will need to be reviewed at the same time as the details of any agreement with the EU are being negotiated.
- encourages the Government make effort to reduce the levels of uncertainty as to when, how and at what price companies could access international units as protracted negotiations around the eligibility of countries to access markets continue. If Australia does not take on a new Kyoto target there is a risk that

Australian companies will not be able to directly access emission units generated under the UN's international trading mechanisms. The possibility that Australia business will have no direct access to emission units generated under the UN's international trading mechanisms due to Australia being defined ineligible. This would increase the effective carbon prices paid by business in Australia.

- encourages the Government to remain at the forefront of negotiations to strengthen and enhance the credibility and integrity of Kyoto-compliant permits created through the clean development mechanism, so that there will be no impediment to their future use.

For more information on this Submission please contact:

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What is SBA's mission?

The SBA mission is to work with business to create and engage in a ethical and sustainable world. While every business enterprise (whether a corporation or government-owned enterprise) faces a unique set of circumstances, SBA believes that they can most effectively contribute to this goal and achieve long-term success by:

- Fully integrating sustainability objectives, indices and metrics into business strategy, operations, and reporting
- Using its presence in local markets to create lasting and tangible social benefits
- Effectively managing the value chain, both upstream and downstream
- Exploring and evolving solutions to climate change and proactively mitigating its impacts
- Respecting human rights, including diversity, indigenous and the disabled
- Contributing in mutually beneficial engagements and partnerships with stakeholders
- Supporting informed sustainability decision making by disclosing sustainability performance with clarity and transparency

SBA works with its network of member private and public sector enterprises to develop sustainable business strategies and solutions through education and awareness, research, advocacy and outreach, and cross-sector collaboration. With a presence across Australia, SBA uses its expertise in the environment, economic development, and governance and accountability to guide companies and government enterprises operating throughout Australia toward creating a ethical and sustainable world.