Submission to the

The Secretary of the Committee

Joint Select Committee on Australia's Clean Energy Future Legislation

By

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Submitted via email to:

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and by post to

Inquiry into Australia's clean energy future

House of Representatives, PO Box 6021, Parliament House, Canberra ACT 2600

Thank you for the opportunity to make a submission on the Australia's Clean Energy Future Legislation. This submission addresses the *Clean Energy (Unit Shortfall Charge—General) Bill 2011* (The Department of Climate Change and Energy Efficiency 2011) General outline and financial impact and the Regulation Impact Statement (RIS) that sets out the objective of Australia's Clean Energy Future Legislation.

The RIS (Australian Government 2011) states that "*stabilising concentrations of carbon pollution in the atmosphere at 450 parts per million provides a reasonable chance of avoiding the most dangerous impacts of climate change by limiting global temperature rises to less than 2 degrees Celsius*"

Furthermore the objective (of the legislation) is to:

"give effect to Australia's obligations under:

- *The Climate Change Convention; and*
- *The Kyoto Protocol;*
- *to support the development of an effective global response to climate change; and*
- *to take action towards meeting Australia's long-term emissions reduction target of reducing net greenhouse gas emissions to 80 per cent below 2000 levels by 2050 in a flexible and cost-effective way".*

When introducing major new taxes or committing their citizens to war, Governments have an obligation to ensure that their action has a reasonable chance of success and a long term benefit to its citizens. This legislation fails on both criteria. The legislation will inflict unnecessary financial hardship on the poorest Australians and will do nothing to reduce the future level of CO_2 in the atmosphere. This proposition can be readily tested by examining future coal consumption and the current impact of solar subsidies.

The demand for coal for primary energy will increase from 3 billion tonnes oil equivalent (Btoe) to 5 Btoe in 2030 as shown by Figure 1 taken from World Energy Outlook 2009.

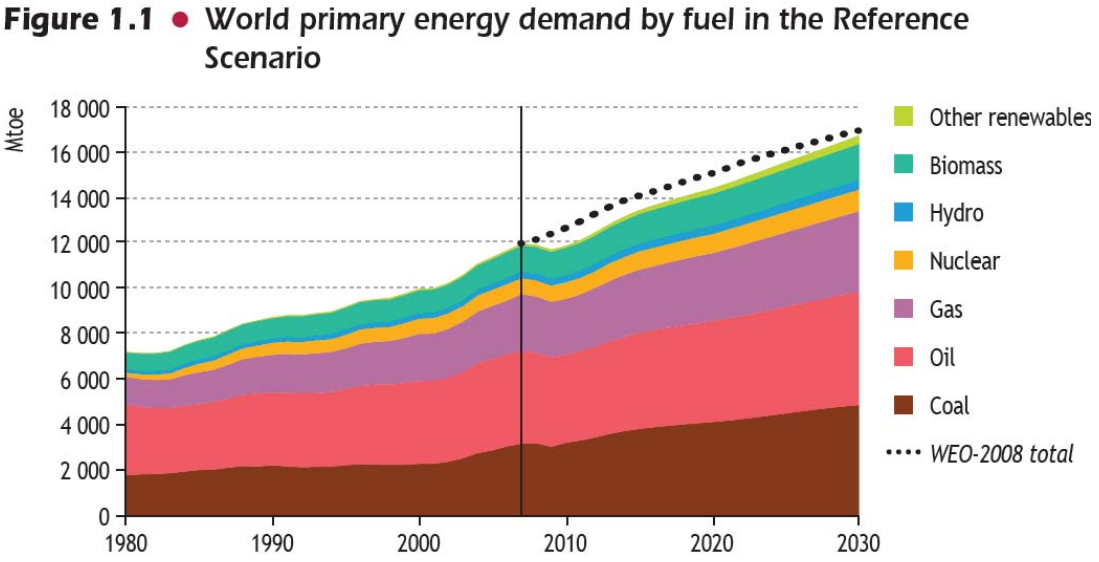

Figure 1 – World primary energy demand by fuel - (International Energy Agency 2010)

The major source of the increase in World anthropogenic gas emissions will come from the increase in CO_2 produced in the production of energy as shown in Figure 2

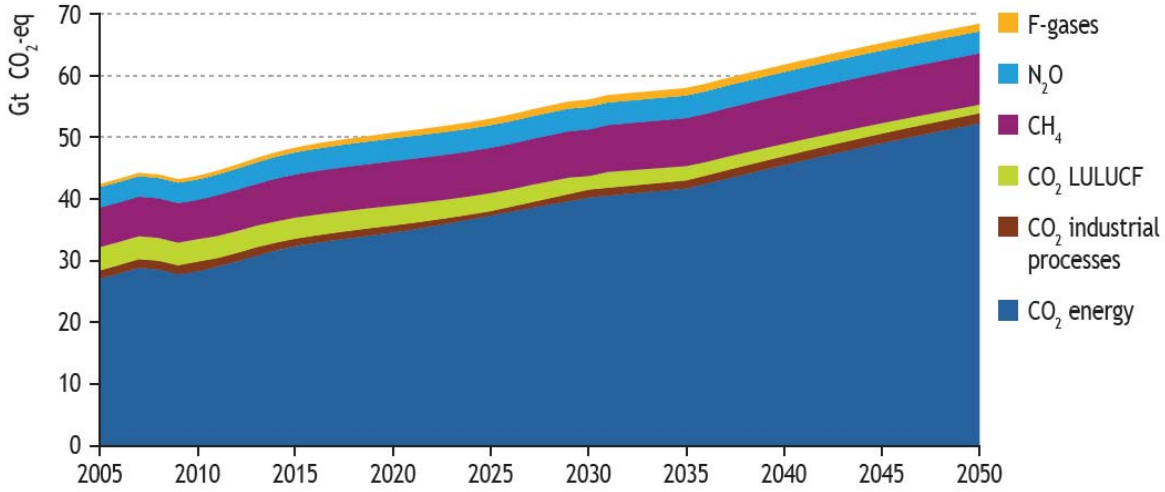

Figure 2 – World anthropogenic gas emission by source - (International Energy Agency 2010)

Without carbon capture and storage, the major increase in energy related CO_2 emissions will come from Non-OECD coal as shown in Figure 3.

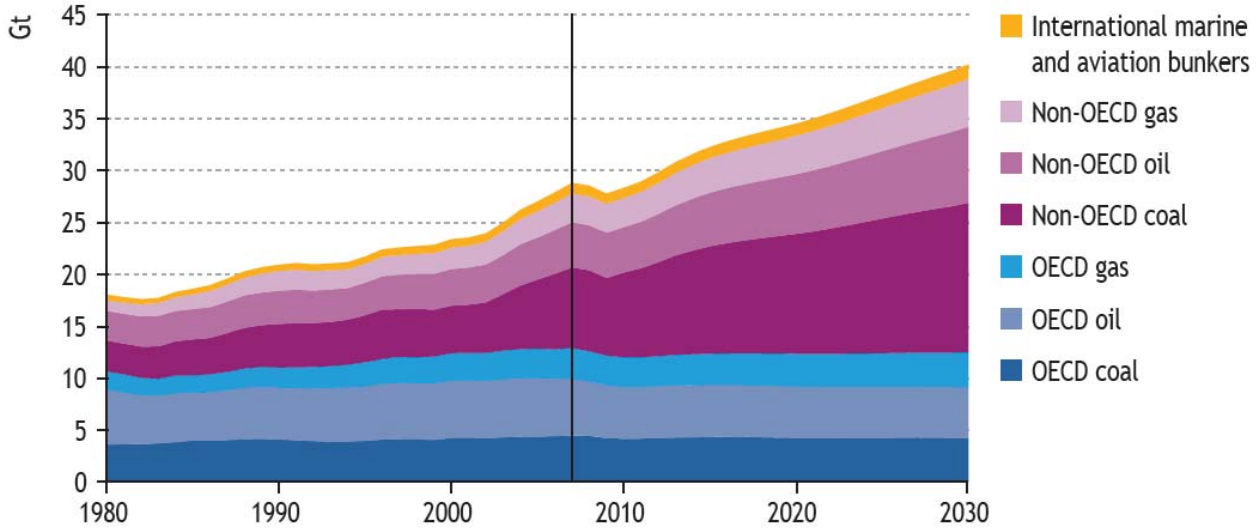

Figure 3 – Energy related CO_2 emissions by fuel and region - (International Energy Agency 2010)

Countries that have natural endowments of coal have every right to use this valuable energy source to increase their standard of living just as did the European Nations who mined their coal reserves in the past.

Governments, whether national or state, advocating wind or solar power are often those that do not have economically mineable coal reserves or that manufacture solar panels or wind turbines.

Of the countries with significant reserves of economically mineable coal, only Australia to my knowledge is attempting to reduce the production of electricity from coal.

The current subsidy for household photovoltaic (solar) cells is expensive and is causing unnecessary division in the community. Assuming a 20 year life for the solar panels, the Net Present Value of the Renewable Energy Certificates subsidy and the feed in tariff subsidy for household solar amounts to approximately one million dollars per year per Australian employed in the process of delivering the solar panels to the roof top. This subsidy is approximately twelve times the national wage.

According to a report into the economic case for renewable energy in Scotland and the UK, for every job created in the UK in renewable energy, 3.7 jobs are lost (Marsh and Miers 2011).

The Governments' billion dollar subsidies for solar energy favour the wealthy and line the pockets of overseas manufacturers (Herbert 2011). In addition, being forced to subsidise the cost of your neighbour's solar installation and rebates, even though the neighbour may have thought they were acting to save the planet, is hardly likely to improve neighbourly relations.

There are only two actions that will reduce World CO_2 emissions:

(i) carbon capture and storage of CO_2 from fossil fuel power stations; and
(ii) reducing World population to a sustainable level.

This legislation addresses neither. This legislation introduces a regressive and inefficient tax that will not reduce World CO_2 emission in any meaningful way. The Bills should be withdrawn. Since this is unlikely, the drafters should adhere to the precautionary principle and write the legislation in such a way that it can be easily dismantled if that is the democratic wish of Australians in the future.

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