

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600

8 April, 2008

Dear Secretary,

Re: Submission to Senate Inquiry into Climate Policy

Solarquip welcomes the opportunity to make a submission to the Senate Select Committee on Climate Policy.

Climate change is the most urgent and important medium to long term challenge facing the globe. It is an economic, environmental and health issue. Climate change is a threat to our well-being through its impact on our water supply, the risk of disease, the risk of injury and loss of life through extreme weather events, our agriculture, our tourism and economy. For this reason, the policies that address climate change should be implemented urgently.

Greenhouse gas emissions reduction could be achieved either through emissions trading or a carbon tax. There is good evidence to expect that emissions trading would deliver the lowest cost approach compared to a carbon tax. Emissions trading is also the policy into which the most development and research effort has gone in Australia over recent years, under both the Howard and Rudd Government's and National Emissions Trading Taskforce of the states and territories. Emissions trading also enables Australia to more readily to interact bilaterally and multilaterally under international policies such as international trading under the Kyoto Protocol and its flexibility mechanisms including the Clean Development Mechanism. The currently proposed emissions trading policy, while far from perfect, is well developed – and therefore enables implementation by 2010 as indeed the Government has committed to . For these reasons we would support the choice of emissions trading as the primary policy mechanism to drive Australia's climate change response.

However, within this framework there are many factors that it is imperative Australia gets right, and current direction in some of these areas is totally inadequate. The most important factors with regards to whichever climate policies are chosen are:

- Australia's national emissions target and the trajectory for emissions reduction
- Timing of implementation – these policies must be implemented urgently
- The need for a suite of complementary policies

We discuss each of these below.

Australia's National Emissions Target

Both of the currently proposed short term and long term Australian emissions targets are inadequate.

The targets should be led by what climate scientists are indicating is necessary to have a reasonable chance of averting, as the Government commissioned the Garnaut Climate Change Review calls them, some of the high consequence impacts of climate change. This will require ambitious targets.

In the Carbon Pollution Reduction Scheme White Paper, *Australia's Low Emissions Future*, the Government accepts the view of the Garnaut Review that "it is in Australia's national interest to achieve a comprehensive global agreement to stabilise atmospheric concentrations of greenhouse gases at around 450 parts per million (ppm) of carbon dioxide equivalent".

While it may be true that, as put by the Government, Australia's proposed target (of between 5 and 15 per cent emissions reduction by 2020 compared to 2000 levels) is comparable, per capita, with the European Union target of 20 per cent emissions reduction by 2020, this is beside the point.

The point is not 'How do we compare to other countries?', but rather 'Given that we accept that stabilizing greenhouse emissions at 450 ppm is in Australia's best interests, what is Australia's fair role in an global agreement to achieve this?'. To answer this we should be led by the recommendation of the Garnaut Review, which was "*Australia's full part for 2020 in a 450 scenario would be a reduction of 25 per cent in emissions entitlements from 2000 levels, or one-third from Kyoto compliance levels over 2008–12, or 40 per cent per capita from 2000 levels*".

For 2050, Garnaut recommended that Australia's full part would be 90 per cent from 2000 levels (95 per cent per capita).

Australia currently has the highest per capita emissions in the OECD, due in large part to the fact that for a long time we have taken advantage of our endowment with cheap plentiful coal resources. But the rest of the world is now paying the price for this through climate change.

While vested interests will always represent to the contrary, Australia has a strong history of overestimating the costs of new policies in this sector. The NSW Greenhouse Gas Reduction Scheme demonstrated the high volume of greenhouse abatement available at a very low cost. By virtue of our strong economically viable renewable energy resources, of which the majority remains untapped, and our relative lack of action on energy efficiency to date, Australia has significant abatement potential including much "low hanging fruit" which we have not yet taken advantage of. Australian Treasury's own modelling indicates insignificant costs of taking action, which are far outstripped by the risks of inaction.

Australia must play its fair role towards a global agreement aiming to stabilize greenhouse emissions at 450 ppm and commit to:

- **at least a total 25% reduction in Australia's total greenhouse gas emissions by 2020 compared to 1990 levels (40 per cent per capital reduction), and**
- **90 per cent reduction from 2000 levels by 2050 (95 per cent per capita reduction).**

Timing of implementation

Whichever policies are chosen to form Australia's climate change response, it is imperative that a price signal for carbon is sent into the economy as soon as possible. Given the development of the emissions trading policy, it would seem that the best way to achieve this would be to progress this policy, albeit with some necessary changes (such as to the target), with implementation by no later than 2010.

Complementary policies

Whichever policy is chosen to form the backbone of Australia's climate response, a suite of complementary policies will be necessary to ensure abatement is achieved at the lowest possible cost in the medium to long term. Without these policies, the price signal delivered by emissions trading is unlikely to be adequate enough in the short term to drive the development of the diverse abatement industry Australia needs. A strong near term growth of this industry will create many green jobs and deliver lower abatement costs in the long term.

This will include but is not limited to:

- Strong support for deployment of renewable energy through the expanded Renewable Energy Target
- Incentives to encourage more distributed low-emission s electricity generation, including renewables and cogeneration
- Increasingly stringent mandatory minimum requirements on residential and commercial building energy performance, through the Building Code of Australia
- A range of incentives to drive best-practice residential and commercial building energy performance, such as mandatory disclosure of energy performance, grant programs for commercial building retrofits achieving specified criteria and/or a national energy efficiency market based scheme
- More challenging fast-tracked minimum energy performance standards for a wide range of appliances and fittings
- A range of incentives to drive uptake of appliances and fittings with best-practice energy performance
- Major investment into safe and reliable public transport infrastructure

Yours sincerely,

Glen Morris

Solarquip