



23rd April 2009

The Secretary
Senate Select Committee on Climate Policy
PO Box 6100
Parliament House
CANBERRA ACT 2600
climate.sen@aph.gov.au

Dear Secretary,

Response to Government Action on Climate Change - Supplementary Submission

CHOICE provided a submission to the Select Committee on 14 April 2009. We would now like to make the following additional points in light of the findings and recommendations of the Senate Standing Committee on Economics' inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme in its report released on Thursday 19th April 2009.

Voluntary action

The Senate Standing Committee on Economics (the Committee) recognised that there was considerable community concern that the CPRS as proposed by the government 'negates' voluntary action to reduce greenhouse gas emissions (Paragraphs 8.31-8.36).

Two of the Committee's six recommendations were in response to this conclusion.

8.37 The Committee recommends that the government develop policies complementary to the CPRS to encourage voluntary action.

8.38 The Committee recommends that the wording of section 14(5) of the CPRS Bill 2009 be amended so that in making recommendations on emissions caps the Minister "shall have regard" rather than "may have regard" to "voluntary action".

CHOICE welcomes the Committee's conclusion that voluntary action is worthwhile and an important component of community support for the CPRS.

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However we do not believe that the Committee's recommendations will do anything to overcome this key problem. A CPRS where the Minister 'must' consider the impact of voluntary actions *each five years* as one of a number of competing factors in setting future targets will be meaningless to consumers.

As the majority report of the committee recognises, consumers want to know that their voluntary action will further reduce Australia's emissions. Consumers do not want to take voluntary action to reduce the impost on polluting industries or even to lessen the impact of the price on carbon delivered by the CPRS on other consumers.

We support the Committee's recommendation that the government develop policies complimentary to the CPRS to encourage voluntary action. However, we do not think that the Committee's recommended changes to the Bill will in fact lead to recognition of consumer or other voluntary actions. Indeed the second recommendation's failure to adequately respond to the problem will undermine the effectiveness of implementing the first recommendation.

Australians want to know that they have contributed to change that they value. Without voluntary actions being additional to the mandatory actions, the 87% of Australians that have taken action over recent years¹ - and that have intended to continue to contribute through their purchasing decisions - will feel nothing short of cheated.

While Recommendations 8.37 is a step in the right direction, there are several more steps needed before consumers can be confident that their voluntary actions are meaningful.

In particular, the government must:

1. define what is meant by voluntary action;
2. identify a system by which voluntary action can be accounted for;
3. set a realistic timeframe for measuring emissions saved through voluntary action. An annual reporting timeframe is proposed as it would to inspire consumers and business to take even more voluntary action;
4. commit to retiring CPRS permits and AAUs for the voluntary action taken by consumers and business; and
5. commit to ensuring that the retirement of permits results in savings over and above the 2020 end point target, rather than simply shifting the trajectories.

As noted above, the Committee's recommendation is that the Bill be amended to provide that the Minister 'shall have regard' to voluntary action, rather than 'may have regard' to voluntary action when setting new targets. But under a correctly designed process there would be no need for the Minister to have any discretionary or mandatory

¹ Accountability and NetBalance (2008) What Assures Consumers on Climate Change?



interest in voluntary actions. Simply put, the Bill should be amended to account for voluntary actions, and a process will need to be established to measure these.

CHOICE would like to see an amendment to the Bill which:

- a) defines voluntary actions
- b) ensures that voluntary actions taken by consumers result in the abatement of greenhouse gases additional to mandatory emissions reduction requirements
- c) require that a CPRS Permit and an Assigned Amount Unit (AAU) are retired for every tonne of abatement from voluntary action
- d) ensures that voluntary action is accounted for over and above the 2020 end point target

Complementary measures should then be developed which describes the process by which voluntary actions will be accounted for and reported upon.

CHOICE is encouraged by the Committee's recognition of the importance of voluntary action and the recommendation for the government to develop policies in this area. We look forward to working with the government to identify practical means to recognise and account for consumer's voluntary action.

Other issues raised by CHOICE to the Economic Committee

CHOICE raised a number of other concerns in our submission to the Economics Committee; including issues around energy efficiency, insufficient targets and the provision of assistance to both EITEL and the coal industry. CHOICE's position on each of these issues has also been raised in its submission to the Senate Select Committee on Climate Policy. We stand by our position on these issues and their recommendations.

To discuss the matters raised in this letter, please contact Gordon Renouf, Director of Policy and Campaigns on 02 9577 3246 or grenouf@choice.com.au.

Yours sincerely

A handwritten signature in black ink that reads "G Renouf".

Gordon Renouf

Director, Policy and Campaigns