

Submission to Senate Select Committee on Climate Policy  
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This submission does not contain confidential information.

I live in Newcastle, one of the carbon dioxide capitals of the world with heavy direct emissions due to local electricity generators, aluminium smelters, and an embarrassing contribution to world emissions due to coal exports. Newcastle has a large and skilled workforce in jobs that will have to be phased out, and many large industrial sites that will become vacant when the carbon intensive industries leave, so is the perfect location for investments in the zero carbon industries of the future.

I am convinced that climate change is the most serious problem facing the planet, and that unless we take serious action now to achieve significant change within the next 5-10 years we and our children will face a very difficult future. It looks as though the loss of some 200 lives in catastrophic bushfires has not been sufficient to spur government into serious action. Maybe after future climate disaster has claimed 500 lives action will be taken. Any legislation that restricts Australia's capacity to impose more stringent targets as climate disasters unfold would be a curse on Australia's future.

The principal goal is to achieve an international agreement that brings all high emissions countries into one global CHG reduction regime. Australia must pull its weight, and all sectors of the economy must pull their weight. The success of lobbying efforts by high pollution industries shows a disappointing weakness in our democratic system, and demonstrates that investing in lobbyists gives a higher rate of return than investing in low carbon technology.

Some rational decisions need to be taken:

Australia can either go down the route of regulation, where companies have restrictions on how much they can emit, or can go down the route of an economic mechanism as proposed by Garnaut. If we choose an economic instrument it must be applied absolutely, ie every ton of emissions (over a measurable threshold) must require a permit, and all permits must cost the same. If the economic instrument does not add a carbon price to every ton of CO<sub>2</sub> emission it will fail its purpose.

Australia is not a logical place to make aluminium, as the carbon emissions intensity of our electricity is so high. To prop up the Aluminium industry in Australia with subsidies is a losing battle, as eventually a serious carbon price will become a necessity, and they will have to be dropped from the Australian electricity supply. Providing palliative care to the Aluminium industry just imposes greater costs on the rest of the Australian economy, so is an expensive way to delay reform. The only option for keeping an Aluminium industry in the long term is to supply it with zero carbon electricity. Australia is currently not making much progress on this front. The

industry will threaten to move to China, but this is a hollow threat as they would obtain only a temporary advantage since China is one of the countries most threatened by sea level rise and will eventually be imposing its own carbon price.

The only logical way forward is to plan for the phasing out of aluminium based on coal fired electricity, and re-employment of the current workforce in new sectors of the economy.

I welcome an economic mechanism to price carbon emissions, whether a tax or a permits system, but it must be implemented with the political will to achieve serious reductions in Australia's emissions. A system with loop holes to protect our heavy emitters from real change is a breach of trust with the electorate, that voted a clear mandate for the Australian government to take significant action to stop global warming. It would waste the current opportunity (possibly the only opportunity) for Australia to contribute meaningfully to an international system.

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