Submission to Senate Inquiry re Emissions Trading Scheme

by Sustainable Energy Policy Queensland (SEPQ)

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Who are SEPQ?

Sustainable Energy Policy Queensland (SEPQ) is a coalition of sustainable energy consultants, system designers, installers, educators and community groups based in South East Queensland. Our goal is to encourage the adoption of sustainable energy and energy efficiency technologies that provide cost effective options for a sustainable energy future.

We promote the removal of barriers and the provision of incentives to encourage the uptake of sustainable energy technologies. We will achieve this by undertaking supply-demand energy analysis and the preparation and promotion of appropriate policy. This includes making submissions and presentations to the relevant state or federal authorities, industry and the community on energy-related topics.

We define sustainable energy (SE) as consisting of the use of renewable energy (RE) technologies to supply our energy needs, together with the reduction in primary energy demand through energy efficiency technologies & behavioural change.

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ANZSES	Australian & NZ Solar Energy Society is part of the International Solar Energy Society; formed in 1954. Over 1200 members in Australia.
ATA	Alternative Technology Association; formed in 1980 to promote sustainable living. Over 4500 members in Australia.
ATRAA	Appropriate Technology Retailers Association of Australia; formed in 1977 to promote sustainable energy systems.
SEIA	Solar Energy Installers' Association; formed in 2006 to promote solar energy systems.

Problems with Current Proposed Emissions Reduction Scheme

Target is too low and is not in accord with best science.

The proposed target of 5% (up to possibly 15%) reduction in gross greenhouse gas (GHG) emissions from 2000 levels is too low and is not in accord with best science, which suggests a 25 to 40% reduction is required (note: gross emissions, not per capita emissions). We should be aiming to stabilise global CO2e emissions at 450ppm and setting the example of how to do this. Recent reports on climate change suggest that it is accelerating faster than even the IPCCs upper estimates. Such reports imply that targets need be to set at the upper level of a 40% reduction over 2000 emission levels by 2020.

Effects of population growth not properly accounted.

Effects of population growth in the white paper are both over and under-stated and used as an excuse for avoiding strong cuts. Firstly, Table E.1, page 5 of the White Paper Executive Summary makes no comparison of Australia's per capita emissions with other countries. Australians are the highest per capita GHG emitters, double or more than that of many EU countries. This is because of Australia's affluence, combined with high reliance on black and brown coal for electricity, artificially low energy prices which encourage wasteful energy use, and lack of implementation of energy efficiency (e.g. even mandatory insulation in all new homes was only introduced in 2003). We have a lot of "low hanging fruit" to prune from our inefficient use of energy.

Secondly, the combination of population growth, affluence and poor technology choices are the root causes of continuing degradation of the natural environment and burgeoning greenhouse gas emissions. Many reports, both internationally by the United Nations (e.g. Millennium Report, 2000) and locally show this. For example, the 2008 South-east Queensland State of the Region Report, Genuine Progress Indicator, supports this appraisal, as does measurements such as ecological footprint of SE Queensland residents (Graymore, 2002). **Population level and carrying capacity are not even benchmarks for sustainability in regional plans in Australia. They should be.**

Thirdly, the assumed population projections are a government policy decision that is determined by a combination of immigration rates, birth/death rates and, to a very small extent, refugee numbers. It is not an uncontrolled factor. Both the Howard and Rudd Governments have chosen to maintain high immigration rates that account for about 50 percent of Australia's annual population growth.

Cocks, in a comprehensive review of Australian population policy, has demonstrated that there are no clear negative impacts on the economy of a zero population growth policy, but that there are clear environmental and social benefits. O'Connor has demonstrated that few people want an ever-expanding population as they recognize negative impacts to both environmental and social systems of uncontained population growth (Cocks, 1996:70; O'Connor 2008).

In light of the work by Cocks and O'Connor, the CPRS should be integrated with plans to cap Australia's population, until such time as it can be demonstrated with good science that greenhouse gas emissions are reducing to match strong targets.

The proposed scheme is a disincentive to individuals and the community to act.

The proposed scheme is a disincentive to individuals and the community to act voluntarily, as once the target cap on emissions is set, "no matter what action individuals, households and community groups take, the level of Australia's emissions will remain exactly the same" (The Australia Institute Newsletter, No. 57, 2008). This is because, as households and community groups do their bit to reduce emissions, electricity demand falls and this frees up permits to be purchased by the big polluters.

Failure to account for voluntary reductions.

The CPRS also fails to take into account voluntary emissions reductions within the community. As the Alternative Technology Association has noted, many members are extremely disheartened that their efforts and expenditures to reduce GHG emissions in their own lives are only going to free up permits for polluting industries!

This flaw must be fixed by fully taking account of voluntary actions by the community and business. "This can be done by creating a 'secondary market' for energy efficiency and renewable energy credits in which individuals, small businesses, schools or community groups who want to 'do their bit extra' are able to capture the benefits of their actions for the environment" (The Australia Institute Newsletter, No. 57, 2008).

Polluter's should pay – not pay the polluters.

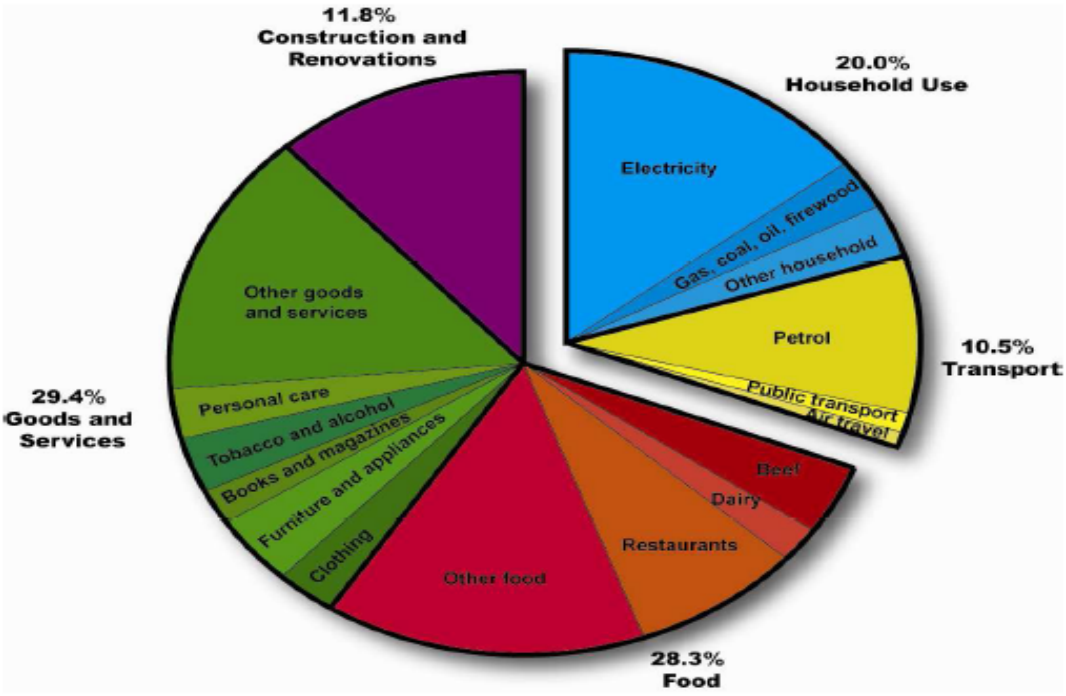
The main benefactors from this scheme are the big polluting industries, including the aluminium, coal and cement industries. These industries have made record profits in recent years and yet have invested little in improvements to reduce emissions. These industries were instrumental in delaying Howard Government action on climate change for 11 years (Four Corners, "The Greenhouse Mafia", 13 Feb., 2006) and are now diluting Rudd Government election promises with scare tactics such as threatening to move industry off shore and massive job losses. Such tactics were clearly exposed in the recent Four Corners program, "Heat on the Hill" (9 Mar., 2009). Even Professor Garnaut expressed his concerns over free permit concessions to the big polluters on this Four Corners program. According to Pearce, the proposed scheme will ask "the biggest emitting industries to pay for just one in every five tonnes of their greenhouse pollution – the rest of us would pay for the other four" (Pearce, 2009).

The current CPRS will protect the profits of Australia's worst climate offenders at the expense of low-emissions industries. It unfairly transfers the cost burden of emissions reductions to smaller industries and to the community at large. Also, financial compensation that goes to polluters becomes unavailable to assist householders and support low-emissions industries. This is an unacceptable approach which will dis-empower the community to act.

Structural change is required and quickly.

The emphasis of government policy and promotion of change to date has been on individual action not structural change. While this is important, Figure 1 shows this unfairly attributes responsibility. Figure 1 shows a profile of average household greenhouse gas pollution. This shows that roughly 30 percent is attributed to our day-to-day direct energy use. This is the area in which individuals or households can most easily reduce emissions through energy efficiency, behavioural change and renewable energy technologies. But the remaining 70 percent is much harder to address. The remainder is due to greenhouse gases embodied in all the goods and services we use. Reductions in this area require structural change over time to how we make goods and provide services, distribute goods and finally dispose of them. Figure 1 shows that industry must play a strong role in structural changes to manufacturing, marketing and distribution and disposal to address greenhouse gas pollution. Leaving it to just individual action will mean too little too late.

Fig 1. Average household profile: greenhouse gas pollution



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Source: Uni. of Sydney Consumption Atlas 2007

Outsourcing emissions through offsets overseas.

The White Paper places no limit whatsoever on the number of emission permits and credits generated overseas that could be used in place of emission cuts in Australia (Pearce, 2009). This is unacceptable. It is clear that, as the highest per capita emitters globally, we have a moral responsibility to clean up our

own backyard. There needs to be a limit to the number of credits that can obtained through offsets in other countries.

Effect on sustainable energy industries.

The current scheme may have a negative impact on community willingness to continue participating, hence reducing demand for energy efficient and renewable energy technologies such as efficient lights and appliances, insulation and shading, purchasing green power, home photovoltaic power systems or solar water heating systems.

Suggested changes to existing scheme

If an Emissions Trading Scheme is to be considered as the best approach to achieving emission reductions, then the following changes to the scheme are suggested:

- The target must be set much higher and in line with what the best science tells us, preferably 40 percent by 2020. Strong savings now will reduce the future costs of climate change.
- The cap must include emissions savings in homes, community groups and small business. There are already processes in place to measure most of these savings. This could be done through a 'secondary market' as suggested by the Australia Institute if necessary.
- The scheme must be based on methods to encourage all sectors, domestic, commercial, industrial and government, to take up opportunities to reduce emissions according to their fair share. This should include energy, water and material waste audits across all sectors.
- The scheme must take full account of Australia's unsustainable population growth. Greenhouse gas emissions are just one, although a very important, aspect of our unsustainable ecological footprint. The scheme needs to be integrated with ecologically sustainable development goals for Australia, including consideration of a population cap.
- There needs to be a limit to the number of credits that can obtained through offsets in other countries.
- The scheme needs to assess the likely impacts on the renewable energy and energy efficiency industries, as these are the technologies that offer reductions in greenhouse gas now, together with job growth.

Proposals for a new scheme or additional schemes

Consideration should also be given to simpler, more transparent emission reduction schemes such as a **carbon tax** where the cost of pollution is paid up front, as with cigarettes. Such a scheme is outlined in the personal submission by Dr Martin Gellender. We recommend that the Senate Inquiry give careful consideration to this submission.

Concluding Comments

The current proposal is based on a market approach using simplistic beliefs such as the 'market will always provide goods and services most efficiently'. Yet both our response to climate change and the current collapse of the international financial system are examples of massive market failure. They are linked by our continual failure to price properly environmental and social costs as best we can.

Now is the time for the Senate to enact an emissions reduction scheme that truly transforms the Australian economic and energy system to one based on renewable energy and energy efficiency.

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