



Families fighting Climate Change is an informal network of families formed to support the work of the Climate Emergency Network in fighting for an urgent transition to a zero emissions economy.

30 March 2009

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Senate Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme (CPRS)

Submission

Dear sir/madam

Thank you for accepting this late submission. We hope that you are able to include it in your deliberations.

We are gravely concerned about the proposed CPRS.

The CPRS has many flaws, some of which have received coverage in the press. These include the following:

- The 5 to 15% emissions reduction targets are shockingly low and, even if agreed to by all countries, would be insufficient to save our children from lives scarred by run-away climate change
- Individual efforts to reduce fossil fuel power use will make the cost of permits lower for the big polluters and will disempower the community from making a difference
- If the CPRS is passed before the international talks in Copenhagen, the Australian delegation will be locked into the position of undermining the work of countries who are prepared to take the lead on towards more the more ambitious targets dictated by the science of climate change.

The short time allowed for submissions on this complex scheme is likely to have limited the ability of the public to analyse and critique the legislation. In fact, it appears that there has been an effort to hide from the Australian public the worst aspects of the scheme. These have recently been revealed by Guy Pearce's analysis of the Treasury modelling, as reported in his recent articles in the *Quarterly Essay* and *the Age*. This submission is based on his articles.

We are outraged to find out the substantial additional subsidies that are to be provided to the largest polluters:

- Emission intensive trade exposed companies will receive \$500 per Australian household per year until 2020 and beyond for free emission permits. This is an enormous subsidy and could be better spent developing clean energy sources for the industries of the future.
- Coal-fired power stations will receive a once-off fee of \$455 per household to maintain their value for our shareholders. The coal industry will receive \$93 per household to cushion them from the impact of emissions trading. These are classic examples of 'privatising the

profits and socialising the losses'. These companies have had decades to adjust to a carbon constrained future. Their shareholders have had decades of profiting from the environmental degradation caused by coal.

- \$62 per household for new infrastructure to double coal exports (!!??). This is a crazy misuse of taxpayers' money. Coal use must be phased out around the world as it is most unlikely to be part of a zero emissions future.
- \$62 per household for work on 'clean coal' technology. On a level playing field, so called 'clean coal' would have no chance. Why waste our money funding high risk ventures when proven renewable energy technology already exists and is becoming cheaper each day?

Under the CPRS the biggest polluters will pay for on average, just one in every five tonnes of their greenhouse pollution — the rest of us - including large less polluting industries - will pay for the other four! It appears that by 2020, 45 per cent of emissions would be given away free to the worst offenders, maybe more. Guy Pearse argues that this makes it mathematically impossible to make deep cuts in greenhouse pollution in Australia.

It seems that even the paltry cuts proposed would largely be made off-shore. The white paper on emissions trading placed no limit whatsoever on how many emission permits and credits generated overseas could be used in place of emission cuts in Australia.

Guy Pearse argues that:

One hundred per cent of Australia's emission cuts could be made overseas just as long as outsourcing options are cheap and plentiful. And they will be.

The carbon trade is likely to be dominated by cheap "biocarbon" measures — especially deals in which developing countries pledge not to log rainforests in return for Western polluters getting credit for the carbon emissions prevented. This "reduced emissions from deforestation and degradation" (REDD) could cost as little as \$US1 per tonne of carbon dioxide, and it is plentiful: deforestation accounts for about 20 per cent of global emissions; around three times Australia's annual emissions in PNG and Indonesia alone...

The most obvious difficulty with hiding pollution in the rainforests of our near neighbours is being sure the deforestation has been avoided rather than merely shifted. There's no real guarantee the carbon is stored permanently. Moreover, if cheap carbon storage in forests is done instead of cutting emissions, that enables industries to continue on their merry way and delays the hard task of cutting actual greenhouse pollution by another couple of decades.

Thus, because the Government proposes no limit on outsourcing emission cuts, actual greenhouse pollution in Australia might not fall irrespective of what 2020 target Australia adopts. Guy Pearse says that Treasury modelling suggests that even if only 50 per cent of our international obligations are outsourced, actual emissions in 2050 will be roughly what they were in 1990 — about 400 million to 425 million tonnes.

We are making a shameful contribution to the destruction of the Earth and of our children's' future via our failure to address the moral culpability of our black coal exports. These exports are on track to generate 1.2 billion tonnes of carbon dioxide annually by 2030 — rivalling the current carbon footprint of Saudi Arabian oil. We need to 'own up' to the emissions from these exports. They are as harmful – or likely more harmful - than our uranium exports.

We decided to leave asbestos in the ground. The only acceptable moral stance on coal is to do the same. A considerable proportion of jobs in the coal industry have already been lost due to the world-wide recession. This could be used as the start of reforming our economy to meet the challenges of the future. There is no point in reviving this ailing industry only to have it die a slow and painful death later, leaving us stranded, having backed the wrong horse.

It's time to stop protecting the fossil fuel dinosaurs. We need to get moving and not be left further behind in the coming boom in new clean energy technologies.

Ross Garnaut, in his presentation of his interim report in Melbourne, commented that it would be better to have a carbon pollution tax than to have an emissions trading scheme with exemptions and loopholes. The CPRS looks like the sort of legislation that John Howard and his advisers from the fossil fuel industry might have dreamed up.

We are facing a climate emergency and must evolve towards a zero emissions economy as fast as humanly possible. Please send the CPRS back to the drawing board, allowing Prime Minister Kevin Rudd to meet with President Obama and other world leaders and make a sincere effort to address the immanent danger to our planet and our children's future.

Yours sincerely

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