



CHAMBER OF COMMERCE AND INDUSTRY  
WESTERN AUSTRALIA

25 March 2009

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

economics.sen@aph.gov.au

Dear Secretary

**INQUIRY INTO EXPOSURE DRAFT OF THE LEGISLATION TO IMPLEMENT THE  
CARBON POLLUTION REDUCTION SCHEME**

The Chamber of Commerce and Industry of Western Australia (CCI) welcomes the opportunity to provide a submission to the Senate Standing Committee on Economics' Inquiry into the exposure draft of the legislation to implement the Carbon Pollution Reduction Scheme (CPRS).

CCI is concerned that as a consequence of the short timeframe for public comment to this inquiry and the volume of legislation to be considered, this submission is limited to an initial response to some issues identified to date.

CCI urges the Committee to closely review all aspects of the exposure draft bills.

***About CCI***

CCI is the leading business association in Western Australia. It is the second largest organisation of its kind in Australia with a membership of approximately 5,000 organisations in all sectors including manufacturing, resources, agriculture, transport, communications, retailing, hospitality, building and construction, community services and finance.

Most members are private sector businesses but CCI also represents firms in the not-for-profit and government sectors. About 80 percent of members are small businesses, and members are located in all geographical regions of WA. Some 100 business associations are affiliated with CCI, expanding the organisation's representative coverage to more than 10,000 enterprises.

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### ***CCI Policy Position***

CCI supports the introduction of market-based mechanisms such as the CPRS, as a means of reducing Australia's carbon emissions. CCI believes the successful introduction of such a mechanism also removes the need for complementary measures. The establishment of a market for carbon will create the necessary price signals to achieve least-cost mitigation.

### ***Timing***

CCI strongly believes that Government has not provided sufficient time for industry to comprehensively review the proposed legislation and assess all possible business impacts that may arise from its introduction. In 2007 CCI commissioned CRA International to conduct an audit of Western Australian industry and determine the preparedness of firms for the introduction of an emissions trading scheme. The subsequent report found that preparedness for an emissions trading scheme within the small to medium enterprise sector was particularly low. Consequently CCI continues to call for appropriate education to be provided to industry prior to scheme introduction.

The CRA report and the current economic uncertainty underpin CCI's strong view that it is not in the best interests of the national economy to implement a CPRS that could increase risk and uncertainty and that could place additional cost and administrative burdens on business.

CCI understands that the current economic downturn is having the effect of reducing emissions through declining industrial production. The Chamber considers that the commencement date should be pushed back so that more time to develop a robust emissions trading scheme without compromising Australia's ability to meet future emissions reduction targets can be implemented.

### ***Emissions-Intensive, Trade Exposed Industries***

Emissions-intensive, trade-exposed industries are particularly vulnerable should Australia implement an emissions trading scheme in isolation of other nations. This problem was identified in the Government's CPRS White Paper, and is reflected in the exposure draft legislation. However, CCI notes that the treatment of EITE industries will be governed through regulations which have not been provided at this time. This increases the level of uncertainty faced by firms that may qualify for EITE assistance.

Part 8, Division 2, clause 167(3) states that the Minister must take all reasonable steps to establish the emissions-intensive, trade-exposed assistance program prior to 1 July 2010. However, this clause implies that the CPRS Scheme may commence without the assistance scheme being finalised. CCI proposes that the legislation should be modified to ensure the CPRS is not permitted to commence if the EITE assistance scheme is not in place.

CCI notes that Part 8, Division 2 of the draft legislation imposes all reporting and record-keeping requirements on those who receive free permits through the scheme. This could potentially result in compliance costs for EITE-assisted corporations being higher than other organisations operating within the CPRS. Additional compliance costs will reduce the real net value of the free permits allocated.

***Conclusion***

CCI's Senior Adviser, Industry Policy, Andrew Canion would be pleased to provide further detail on this submission. Mr Canion may be contacted on (08) 9365 7688 or email [andrew.canion@cciwa.com](mailto:andrew.canion@cciwa.com).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Trevor Lovelle', written in a cursive style.

Trevor Lovelle  
Executive Director, Industry Policy