

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

CC: The Hon Kevin Rudd, Prime Minister of Australia, Senator the Hon Penny Wong Minister for Climate Change and Water, The Hon Peter Garrett AM, Minister for Environment, Heritage and the Arts, The Hon Malcolm Turnbull, Leader of the Opposition, The Hon Greg Hunt, Shadow Minister for the Environment, The Hon Senator Bob Brown, Leader of the Australian Greens, The Hon Senator Christine Milne, Deputy Leader of the Australian Greens

Submission in response to the Senate Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme

PART A

The Proposed CPRS legislation is a flawed, ineffective and insufficient instrument

The Rudd Government entered its term in November 2007 with an overwhelming mandate from the Australian people to take **swift, effective action on climate change**.

It is therefore very alarming that our Government is drafting climate change policies based on atmospheric concentrations of GHG ranging between 450 and 550ppm when the IPCC states that this amount of pollution will lead to catastrophic climate change. The latest, and credible scientific reports suggest that even the IPCC's predictions are conservative.

Indeed, we must take urgent action to mitigate the damage we have already caused. As a developed nation which has greatly benefited from polluting by unsustainable industries both here and offshore, we have a responsibility to demonstrate leadership by modelling responsible and sustainable practices.

Under the proposed Carbon Pollution Reduction Scheme Act Mr Rudd is protecting, compensating and rewarding our biggest polluters for being just that; amongst the biggest polluters in the world.

The high emissions intensity of energy use in Australia is mainly the result of our reliance on coal for electricity. The CPRS ACT ideally suits these so called 'important' emission intense industries, which have benefited enormously from Australia's cheap, dirty coal fire electricity, receiving over \$3 billion a year in free permits and compensation under the proposed CPRS legislation. There is no reason why, in the first year companies in the aluminium smelting sector are set to receive \$939 million in free permits while alumina refiners will receive around \$251 million. Estimates have put Rio

Tinto's share of the pie at \$462 million, while Alcoa is set to receive around \$170 million and Alumina Ltd around \$113 million from Australian citizens.

Tax payer money should be directed towards achieving the necessary transition to a more sustainable economy, towards 100% renewable energy sources, capable of protecting our most valuable and irreplaceable public asset; our environment, for current and future generations.

The proposed CPRS Act will undermine international negotiations to achieve an effective global response to climate change, because we have not adopted strong measures to significantly reduce our own emissions.

The CPRS also undermines and renders useless voluntary domestic efforts already underway to reduce some of our GHG emissions.

PART B

The following actions must be implemented immediately

1. A GHG Reporting Scheme that is entire, public and applies to every type of business transaction.

All carbon permits should be auctioned.

2. Phase out all subsidies for fossil fuel based energy .

Companies - should only receive assistance to achieve greater energy efficiency and switch to renewable, zero emission energy options.

Urban car transportation - everyone should pay the true cost of petrol.

Public transportation should be offered free to all Australians below a certain economic threshold and incentives to encourage greater expansion and use of public transport.

3. Introduce a national Feed-in Tariff mandated at 60¢ per kWh, offered for 15 years, paid on the entire output of a system via gross production metering, paid on all renewable energy systems up to 10kW (and at 48¢/kWh for systems from 10kW-100kW) and paid to anyone who installs renewable energy – households, businesses and community buildings.

Assist farmers to become producers of valuable zero emission energy.

4. Introduce a simple, fair and transparent carbon pricing mechanism, free of loopholes and distortions, to ensure that ALL GHG emitters pay a high price for their impact on our environment.

All carbon imbedded in all goods and services taxed equally.

5. Use proceeds from the CPRS to support a just transition away from polluting practices and to support energy efficiency and renewable energy projects and infrastructure for its distribution.

Enable communities which have relied on polluting industries to retrain and move into the green jobs required to meet 21st century demands.

6. Replace our current centralised and wasteful energy system with one that provides incentives to conserve energy and reward energy efficiency, generate energy with zero emissions, renewable energy technologies and upgrade our grid to more effectively and efficiently distribute renewable power.

Renewables are a *declining-cost* resource.

In order to support a transition to zero emission electricity generation, we urgently need to commence an upgrade of the national electricity grid to a distributed model, to replace the central-station paradigm which discriminates against renewable energy.

Utility companies need to commence a rapid transition to renewable energy sources.

7. Redirect investment away from road transportation and towards public transport and rail freight.

Halt the massive hidden subsidies for unsustainable road transportation and transition to rail, which can eventually be powered with 100% renewable energy.

8. Halt all native forest logging because our forests are our most valuable carbon sinks, water catchments and wildlife habitats.

Private companies must not continue profiting from the destruction of Australia's most valuable carbon sinks, water catchments and wildlife habitat for endangered species.

Tree planting scheme should not be used to offset GHG pollution. One hectare of mature, tall, wet forest can store the equivalent of 5,500 tonnes of carbon dioxide in the trees and soil, while logging operations release most of this carbon back into the atmosphere.

9. Recognise the massive impact of methane and carbon from the livestock industry on our spiralling GHG emission toll and commence a rapid scaling down of the breeding and trading of ruminant animals in Australia; the quickest, most efficient means of reducing Australia's GHG emissions now.

Carbon and methane emissions from agriculture and land use, land use change and forestry should have been included from the start in the CPRS.

Farmers should be financially supported and rewarded for cutting methane and carbon emissions from animal production and rehabilitating and revegetating the land.

Policy makers must not continue to underestimate the impact of methane to Australia's GHG emission toll - it is in fact 72 times more potent than carbon dioxide when it is in the atmosphere¹ and does a lot more damage a lot more quickly than is being acknowledged.

FINIS

Thankyou for your attention to this submission,

Yours sincerely

Ms Jane Gilchrist