

# Rising Tide Newcastle

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The Secretary  
Senate Standing Committee on Economics  
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## **Submission: Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme**

Thank you for the opportunity to submit to the committee's inquiry into the Exposure Draft legislation for the Carbon Pollution Reduction Scheme.

Rising Tide is extremely concerned that the legislation, in its current form, will not allow Australia to participate fully in global action to reduce greenhouse gas emissions by the degree sufficient to avert runaway climate change.

In fact, our primary concern about the Exposure Draft is that it will not ensure that Australia's emissions are reduced at all, but may, in fact, facilitate increased emissions, making climate mitigation in the future even more difficult and onerous than it is already.

We draw the committee's attention to five key failings that must be addressed urgently and comprehensively.

### **1. The 5-15% target is too low**

The nearest point for review of this target provided for in the draft legislation is in 2014, when the first expert advisory committee reports and has the opportunity to make recommendations. Changing via that avenue would require:

1. the committee to make a recommendation for a higher (lower) target
2. the minister of the time to act on that recommendation

Australia must put in place, this year, a legal mechanism to reduce greenhouse gas emissions quickly and efficiently. Crucially, though, we must design this mechanism without fettering the ability of future Governments to take swifter and more decisive

action, should that be the consensus position globally and should the dangerous impacts of climate change begin to accelerate.

We support the inclusion in the Bill of matters which the Minister must consider when making a recommendation for an annual emissions unit cap, including:

- The advice of an expert advisory committee under section 354
- International obligations under the UNFCCC and the Kyoto Protocol
- Progress in international abatement
- Economic impacts of the carbon price
- Voluntary actions
- Volumes of GHGs that are not included in the CPRS
- The principle that the stabilisation of atmospheric concentrations of greenhouse gases at around 450 parts per million of carbon dioxide equivalence or lower is in Australia's national interest;
- Other matters that the Minister deems relevant. (Part 2, s14 ss5)

## **2. There is no emissions cap**

The most serious and unacceptable problem with the Exposure Draft for the CPRS is that it ensures that there will not be a cap on Australian emissions of greenhouse gases, not even the meagre 5% unconditional cap.

The Bill provides that a national emissions cap will be set, but allows Australian emissions units to be created and distributed that will exceed this cap. The national scheme cap, under this Bill, will limit *only* the total number of auctioned Australian emissions units, the total number of Australian emissions units given away for free under the emissions-intensive trade-exposed assistance program and the Australian emissions units given away to coal-fired generators under Part 9.

Crucially, it will not limit:

- a. Australian emissions units provided by the Government at a fixed price (Part 2 s13)
- b. Australian emissions units created by eligible reforestation projects (Part 10)
- c. International emissions units traded into the Australian scheme (Part 4)

All of these will allow emissions to exceed the stated cap for each year at least until 2015.

There is simply no way that Australian emissions will be reduced under this structure.

The Committee should recommend that all emissions units logged in the Registry for the Carbon Pollution Reduction Scheme – Australian emissions units, Kyoto units and non-Kyoto units included – must be brought under the annual scheme cap. If this does not occur, emissions will almost certainly exceed the cap.

In addition, we believe that there should be limits on the number of international units a facility and/or person can purchase to meet their pollution cuts. It is not desirable for Australia to offset the majority of our emissions cuts in developing countries, as

such a strategy would significantly delay the transitions that would otherwise be prompted by the carbon price and of which other national economies will take advantage. As a carbon-intensive economy, Australia has a greater interest than many in ensuring that the impetus to reduce emissions, innovate and transition away from intensively polluting industrial and agricultural practices as quickly as possible. The sooner the business community is required to begin this transition, the less painful it will be. If companies are able to offset their emissions entirely on overseas projects – or reforestation projects locally – they will be left behind in the rapid international technological and economic shifts that global climate change mitigation will prompt.

### **3. The number of free units to be issued to EITEs is not capped**

Under the Exposure Draft legislation, assistance to EITEs is left to the Regulations to determine.

This leaves open the dangerous possibility that the EITE industries will succeed in lobbying for even more free permits than the 60% and 90% levels offered under the CPRS White Paper.

We do not believe that permits allocated for free to EITEs or to coal fired power stations should be able to be sold for profit by those companies, (Part 4 s102 ss1 and 2) since the intent of this assistance is to cushion the impact of the carbon price, not provide windfall gains. This can easily be rectified by prohibiting the on-selling of free permits. This clause does have a sunset (Part 4 s102 (3)).

### **4. Assistance to coal-fired generators should be contingent on a phase-out plan..**

We must set a timetable for withdrawal from coal power, and encourage companies in coal-power to diversify their energy portfolio and plan for the closure of their coal plants. This can be done in a strategic, fair and orderly fashion only if it is explicitly planned for. There is no doubt that we will have to phase out coal power and the earlier we acknowledge and plan for this, the better. The Government's hesitation to admit and plan for this eventually is irresponsible, since it leave both the country's energy supply, and potential energy investors suspended in uncertainty. Any assistance provided to coal fired power stations under the CPRS must be contingent on phase-out plans.

### **5. Reforestation projects do not exclude logging and can be “offsets” for industrial emissions**

As far as I can tell. The scheme can (and will) be flooded with cheap credits provided for free beyond the cap to people growing forests, who will then be able to harvest those forests for timber unless the Regulations specifically prevent.

The irreversibility of climate change demands that we be precautionary and that we make every effort available to reduce emissions and draw down atmospheric carbon. Any vegetated area that is set aside for a carbon sink – thus providing a source of income for the landholder via the CPRS – should not be allowed to be disturbed by logging or grazing.

## **6. There are no third party rights**

Section 342 of the Exposure Draft sets out the “reviewable decisions” in a table. This table appears to ensure that most decisions *against* polluting entities are reviewable, but decisions in favour of them are not. This is an outrageous proposal, as is the exclusion of third parties from being able to take civil or administrative action for breaches of the CPRS Act or against decisions made under the Act.

Third party prosecutions have made a significant contribution to environmental and social law in Australia, and given the immense importance of this Bill for the future of Australian society, it is vital that third party rights be established under any CPRS Act.

Thanks very much

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