



GLADSTONE
REGIONAL COUNCIL

22 July 2009

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Contact Officer: Ron Doherty
Our Ref: GC
Your Ref:

Email: economics.sen@aph.gov.au

Dear Sir/Madam

**RE: INQUIRY INTO THE RENEWABLE ENERGY (ELECTRICITY)
AMENDMENT BILL 2009 AND RELATED BILLS**

Gladstone Regional Council welcomes the opportunity to provide a submission for the Inquiry into the Renewable Energy (Electricity) Amendment Bill and related Bills.

Gladstone Regional Council in principle supports the increase in the Mandatory Renewable Energy Target (MRET) to encourage growth in the renewable energy market in Australia and provide opportunities to achieve Australia's emission reduction targets. This must, however, be done in a way that protects our major industries which operate in the global market place.

In this submission Council would like to highlight its concerns with regards to the potential impacts on industry and communities in regional areas such as Gladstone. These issues have previously been raised in Council's submission to the Green Paper (9 September 2008) and statements to both the Senate Select Committee on Fuel and Energy (Public Hearing - 7 April 2009, Gladstone) and Senate Select Committee on Climate Policy (Public Hearing - 28 April 2009, Brisbane).

The cumulative impact of the introduction of the CPRS legislation and amendments to the MRET legislation, particularly with regards to assistance to trade exposed industries, has the potential to reduce the competitiveness of these affected industries and significantly impact on the Gladstone Region as a whole.

It is recognised that the aluminium sector, given its high consumption of electricity, will experience the greatest impact of the proposed changes to the MRET legislation. With the aluminium industry being a significant employer in the Gladstone region, both directly and indirectly, Council has major concerns with regards to significant job losses in the region and the consequential

impacts on the social and economic viability of our community. Council suggests that if the aluminium industry in this location becomes unviable so would aluminium production elsewhere in Australia.

Council is aware of modelling undertaken by Minerals Council of Australia to assess the impacts of the CPRS on regional employment within the minerals industry. The results indicate there will be total (direct and indirect) job losses of 4180 by the year 2020 in the Fitzroy statistical area. This figure is expected to rise to 16,000 total job losses by 2030 as a result of the CPRS alone. With the added impacts of the expanded renewable target to the above scenarios, the viability of the Gladstone region could be seriously threatened.

Council is not aware of any Government modelling and considers independent modelling is required to better understand the impacts of both the CPRS and changes to the MRET on regional areas dependent on heavy industry prior to any legislation being passed.

Whilst the LNG industry is developing in the Central Queensland region it will not provide equivalent employment to substitute the job losses from the minerals sector.

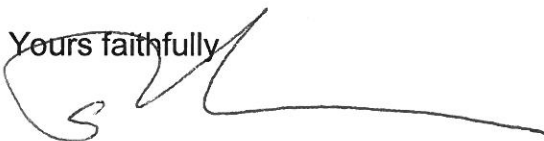
Of additional concern is the very significant investment by Governments at all levels in this region including planning and securing vast areas of land for future industrial growth within the Gladstone State Development Area.

Council is of a view that government policy, legislation changes, and the design of any assistance packages, must ensure that industrial operations in Australia remain competitive whilst driving emission reductions from all sectors of the community. In addition assistance is required to allow suitable response strategies to be developed for impacted communities.

Gladstone Regional Council sees that an international agreement on climate change is essential to support Australia's response to carbon emission reductions as it will provide the platform for a level playing field for affected industries. Such an agreement will lessen the impacts on regional communities and drive global emission reductions. To do otherwise will simply export jobs offshore where industries will continue to pollute the environment we all share.

Council has been provided with a copy of Rio Tinto's submission to you on this issue and it has the full support of this Council.

Yours faithfully



Graeme Kanofski
CHIEF EXECUTIVE OFFICER