



regional economic
development corporation

MACKAY & WHITSUNDAY

6th April 2009

Committee Chairman
Senate Select Committee on Fuel and Energy
PO Box 6100
Parliament House
Canberra ACT

Dear Sir/Madam,

RE: Inquiry into Fuel and Energy

Thank you for the opportunity to appear before the Senate Select Committee on Monday the 6th of April 2009.

MAIN Cooperative is currently being managed under the Mackay Whitsunday Regional Economic Development Corporation (REDC), so please accept our formal endorsement of the MAIN submission.

We hereby submit some additional points with regards to the proposed Carbon Pollution Reduction Scheme and its affect on the Mackay-Whitsunday-Isaac region.

The Energy situation in North Queensland is currently less than desirable, with increased energy costs already existing in the region due to the marginal loss factors costs to transmit energy to North Qld. Increased costs from the CPRS will further increase this disincentive for high energy users to locate, and invest, in our region.

Whilst we are supportive of the Commonwealth Government's desire to decrease carbon emission, we feel that the current proposal will ultimately result in burdensome costs to industry and ultimately to our region in general.

The ultimate goal is to facilitate a change in behaviour, to encourage all of Australian industry to reduce their carbon emissions. The current proposal will have the opposite effect, as the Government is looking to introduce a "punishment" system rather than an "incentive" system.

The current proposal will introduce increased costs at one end of the supply chain. The effect of this will be to pass these costs along the supply chain, and ultimately to the end user who has no control over the behaviour of the companies at the other end of the supply chain who generate the costs.

A more effective system would be to introduce incentives to all users all along the supply chain which allows them to gain tax incentives for reducing their carbon footprint. This system will in turn see carbon reduction across all industry regardless of where the entity sits in the supply chain.



The benefits of an incentive system will include:

- ✓ Reduction in greenhouse gas emissions.
- ✓ Simplified system which will see an early uptake from industry.
- ✓ Increase investment in new technologies to decrease carbon emissions.
- ✓ New and emerging industries created associated with carbon reduction.
- ✓ Establish Australia as a leader in carbon reduction initiatives.
- ✓ Achievement of the MRET within set timeframes.
- ✓ Changed behaviour of industry through a Government facilitated, and market driven approach.

The current system is too complicated, and will not only impose additional direct costs, but also substantial indirect costs through the required reporting mechanisms.

It is clear that the majority of industry does not understand the proposed CPRS, and therefore in order to make an informed decision about the effect of a new system, informed industry input is essential. The Government needs to educate industry effectively in order to truly assess the impact of CPRS. The introduction of the scheme without true industry understanding and buy-in will be catastrophic in the long run. Industry needs to be prepared for such a monumental change in the way they will do business, and the input costs they will incur.

Yours faithfully



Narelle Pearse
CEO