

## The Facts on the Government's New Climate Policy

The Rudd Government yesterday announced some key changes to their emissions trading scheme. But what does this mean?

The changes fall into these categories:

1. Delaying the start of the Emissions Trading Scheme.
2. Changes to the emissions reduction target range.
3. A \$10 per tonne price cap on carbon pollution.
4. Establishing an *Australian Carbon Trust* to which individuals and households can voluntarily contribute.
5. Increasing handouts and compensation to big polluting industry.

### 1. Delaying the start of the Emissions Trading Scheme

The Carbon Pollution Reduction Scheme is now scheduled to start in 2011, rather than the original start date of 2010.

Kevin Rudd was elected on the promise of strong action to tackle climate change in this term of Government. Yesterday's announcement means the Government's major climate policy won't come into effect until well after the next election.

Just months ago, Kevin Rudd said it would be "reckless and irresponsible" to delay the start of the scheme. Yesterday he did just that. The Global Financial Crisis is continuing to have a serious impact on the Australian economy, but as Penny Wong stated recently, "We cannot allow the GFC to weaken our determination to address the very real and permanent threat climate change poses".

Investing in renewable energy now will stimulate our economy, provide hundreds of thousands of new clean energy jobs for Australians, and help us get in front of the next big global industry: clean energy.

The Government, the Treasury and experts across the board have been telling us all year that the longer we wait, the more it will cost to tackle climate change.

### 2. Changes to the emissions reduction target range.

The Government's policy is now to extend Australia's emissions reduction target from 5%-15% to 5%-25% *if there is an ambitious global agreement reached this year to limit global carbon pollution to 450ppm by 2020.*

Importantly, there has been no change to the 'unconditional target'. That is to say the Australian Government has still only committed to cutting our emissions by 5% by 2020. Any additional emissions reductions are conditional on strong international action.

The UN Intergovernmental Panel on climate change says the minimum that industrialised countries like Australia need to achieve is 25-40% by 2020 over 1990 levels, and even that only gives us a 50/50 chance of avoiding a 2 degree temperature rise. Even the Government's

possible 25% target falls far short of what is needed.

### **3. A \$10 per tonne price cap on carbon.**

Modelling from *ROAM Consulting* suggests that to change Australia's energy supply we need a carbon price of more than \$60 to promote renewable energy.

The Prime Minister yesterday announced a \$10 carbon price cap in the first year, a level that won't even be enough to make the switch from brown coal to black coal, which is slightly less environmentally destructive.

In the European Union Emissions Trading Scheme, where prices are very volatile, carbon permits are currently trading below \$15/tonne. They have found that this is not enough to keep renewable energy projects going.

### **4. Establishing an *Australian Carbon Trust* to which individuals and households can voluntarily contribute.**

GetUp and *The Australia Institute* have been campaigning for the Government to fix a major flaw in their climate policy that prevents Australian households helping reduce Australia's total greenhouse emissions.

It's clear that the pressure we've placed on this issue has led to the Prime Minister attempting to respond. When announcing the scheme yesterday, Climate Change Minister, Penny Wong stated:

"The Rudd Government has listened to Australian households who have raised concerns that their individual efforts to reduce emissions will not be adequately taken into account."

### **That's a direct result of your efforts supporting the 'Permit me to make a difference' campaign.**

The Government's response, however, falls well short of solving this problem.

Yesterday's announcement included a new 'Carbon Trust'. The trust is effectively a Government-run carbon offset program. Australians will be able to calculate their carbon footprints and make tax-deductible contributions to the Carbon Trust, which will use the money to purchase permits to pollute and remove them from the market. This means there will be less pollution permits available to big polluting industries, and that will reduce Australia's total greenhouse pollution.

However, action you and I take to reduce our carbon footprint at home still won't reduce Australia's greenhouse pollution beyond the Government's targets. This includes actions like installing efficient appliances, using less energy, driving the car less and installing solar energy.

This leaves no direct link between reducing household and individual emissions and the overall reduction of emissions in Australia.

As *The Australia Institute* have pointed out, much of the money made from the sale of permits by the Government will be returned to industry in the form of assistance measures. This ultimately means that Australians will be helping polluting companies to free ride off the back of our work.

## **5. Increasing handouts and compensation to the big polluting industry.**

Big polluting industries (Australia's most carbon intensive industries) have already been awarded \$7.4 billion in compensation and handouts by the Rudd Government<sup>1</sup>. Yesterday's announcement increased the buffers for big polluters across the board. The worst polluters will now receive 95% buffers. This amounts at least \$1 billion in additional compensation to big polluters.

## **Frequently Asked Questions**

### **Why are some in the climate movement supporting this scheme?**

Almost all organisations and campaigners in the climate space who have spoken on this issue already have expressed reservations with the scheme. It is true that some organisations have suggested this scheme should now be passed into legislation. They say this is the best legislation we will get at this stage, and leaving 25% on the table means there is less of a chance that Australia will play a blocking role at international negotiations in Copenhagen.

### **Why is renewable energy investment right at this time?**

One thing is very clear: the **Emissions Trading Scheme is only getting further away.**

Investing in renewable energy means we don't have to wait for the CPRS before we get started tackling the climate crisis.

And it means we can **stimulate the Australian economy and create clean energy jobs for hundreds of thousands of Australians<sup>2</sup>, starting right now.**

### **What is the Federal Government currently doing to support the renewables industry?**

Government press releases state that the Rudd Labor Government has invested \$3.4 billion dollars in clean renewable energy.

The Government recently confirmed their policy of a 20% by 2020 Mandatory Renewable Energy Target (MRET). However by setting the carbon price set at just \$10/tonne, the Government have ensured that there is no incentive to exceed that unambitious target, which we are already approaching.

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<sup>1</sup> The Government's Carbon Pollution Reduction Scheme indicates that \$7.4 billion in compensation will be awarded in the first 2 years of the scheme alone.  
<http://www.theage.com.au/opinion/middle-path-on-emissions-is-like-doing-nothing-20090223-8fxs.html?page=-1>

<sup>2</sup> [http://www.acfonline.org.au/uploads/res/Green\\_Gold\\_Rush\\_final.pdf](http://www.acfonline.org.au/uploads/res/Green_Gold_Rush_final.pdf)